

Presented pursuant to Acts 29 and 30 Vict., c.39, s.22, and 11 and 12 Geo. 5, c.52, ss.4 and 6

# **Appropriation Accounts 1994–95**

## **Volume 5: Classes V and VI – Employment and Transport**



Presented pursuant to Acts 29 and 30 Vict., c.39, s.22, and 11 and 12 Geo. 5, c.52, ss.4 and 6

# **Appropriation Accounts 1994–95**

## **Volume 5: Classes V and VI – Employment and Transport**

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# Contents

	<b>Page</b>
<b>Report of the Comptroller and Auditor General</b>	v
<b>Summary: Classes V and VI</b>	2
<b>Appropriation Accounts:</b>	
Class V: Employment	5
Class VI: Transport	31

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## **Other Reports of the Comptroller and Auditor General**

In addition to his reports published with the Appropriation Accounts, the Comptroller and Auditor General reports separately to the House of Commons on the results of his examinations of economy, efficiency and effectiveness. These reports are published during the year as House of Commons papers.

# Report of the Comptroller and Auditor General

## Class V, Vote 1: Department of Employment: Programmes and Central Services

### Introduction

- 1 The Appropriation Account for Class V, Vote 1 for 1994-95 shows gross expenditure of £2,353 million. This comprises:
- £1,697 million for training programmes managed locally by Training and Enterprise Councils (TECs) under contract with the Department of Employment, including allowances to individual trainees participating in the Training for Work and Learning for Work programmes. Although the TECs deliver some services themselves, for the most part they place contracts for the provision of training with private companies, local authorities and voluntary bodies, known collectively as training providers;
  - £347 million on other training, employment and industrial relations programmes; and
  - £309 million on the Department's administration and central services.

### Summary of audit findings and conclusion

- 2 As a result of my examination of the account I estimate that the overall level of overstatements and understatements in the account is £41.3 million (1.8 per cent of gross expenditure). This comprises overstatements of £40.8 million and understatements of £0.5 million. In 1993-94 the overall level of overstatements and understatements amounted to £33.8 million (1.4 per cent of gross expenditure). Table 1 gives a breakdown of these estimates.

**Table 1: Summary of National Audit Office audit results for 1994-95 (1993-94)**

	Overstatements £m		Understatements £m	
Payments to TECs for training programmes (Table 2)	19.8	(13.5)	—	(0.1)
Allowances to individual participants (Table 3)	21.0	(15.9)	0.5	(4.3)
Total errors	40.8	(29.4)	0.5	(4.4)
<b>Total gross errors</b>	<b>41.3</b>	<b>(33.8)</b>		

Because of the statistical techniques used in my examination, it is possible to put a measure of precision on these estimates. Accordingly I am 95 per cent confident that the total gross errors lay between £27.9 million (£17.5 million) and £60.8 million (£43.5 million).

- 3 I am concerned about this increase in the level of errors in expenditure on programmes and allowances by comparison with 1993-94. I note, however, that the Department are continuing to review and update the requirements they place on TECs to maintain effective financial controls, and are taking steps to address specific areas of weakness in their own procedures for assessing and paying allowances to individuals participating in training programmes. In all the circumstances I have decided not to qualify the account but I shall closely monitor the effectiveness of these measures during my examination of the 1995-96 account.

**Payments to Training and Enterprise Councils for Training for Work, Youth Training and other programmes**

- 4 In 1994–95 the major training programmes, including Training for Work and Youth Training, were administered by 75 TECs operating under contracts with the Department of Employment. The TECs sub-contract training activities to training providers who arrange training for individuals participating in training programmes.
- 5 Training for Work aims to help unemployed and disadvantaged people get jobs through training and work experience. Youth Training provides participants with training leading to National Vocational Qualifications at Level 2 or above (or other equivalent qualifications) and with the broad-based skills necessary to become flexible and self-reliant employees. Out of the expenditure of £1,697 million on training programmes in 1994–95, the Department spent £693 million on Training for Work and £647 million on Youth Training.
- 6 The Department fund TECs for Youth Training, Training for Work and other programmes in two ways:
  - payments based on claims for training weeks for the time that trainees have spent undergoing training; and
  - output related payments for specific planned outcomes, such as obtaining a National Vocational Qualification or a job, achieved by trainees during or following their training.

**1994–95 examination**

- 7 My audit of the Department's expenditure on training programmes included a test examination of a sample of payments, selected randomly on a statistical basis, made by the Department to TECs for training delivered by training providers. Eight TECs were covered by this examination and, as part of this work, 16 training providers were visited to examine the records on which providers' claims on TECs and subsequently TECs' claims on the Department were based.
- 8 The sampling techniques used enabled me to extrapolate the results to provide a quantified statement of financial error in payments to all TECs, with the exception of South Thames TEC which I have examined separately (paragraphs 10 and 11). I have been able to estimate that on the basis of my sample tests in 1994–95 overpayments to TECs other than South Thames TEC totalled £7.9 million. Although considerably lower than estimated incorrect and uncertain payments to TECs in 1991–92 (£29.9 million) and 1992–93 (£14.9 million), this represents a slight increase on the level of estimated error in 1993–94 (£6.7 million—see Table 2).
- 9 The Department are continuing to review and update the requirements that they place on TECs to maintain effective financial controls, with the aim of further reducing the level of overpayments made to TECs.

**South Thames TEC**

- 10 My staff also reviewed the Department's arrangements for assessing how much of the £27 million for training which they had paid in 1994–95 to the former South Thames TEC (which went into receivership on 21 December 1994), could not be supported by adequate evidence or which was not due under the TEC's contract with the Department.
- 11 On 15 June 1995, the Department presented a bill to the receiver of South Thames TEC for £8.5 million, plus VAT where applicable, consisting of £8.2 million in respect of training for which the Department considered they had overpaid the TEC in 1993–94 and 1994–95, and £330,000 in respect of rental costs paid by the Department in 1991–92 for the TEC's premises. The claim included a sum of £1.5 million with respect to 1994–95 overpayments. The claim is being considered by the Receiver.



- Ineligible participants** 12 My audit also included an examination of payments of Training for Work allowances to individual trainees (paragraphs 14 to 17). In carrying out this examination my staff found 47 overpayments, mainly payments to individuals who did not meet the criteria of the scheme. Any payments to TECs for the provision of training to participants found to be ineligible, would also have been in error. On this basis I estimate that there may have been a further overpayment of £10.4 million to TECs in 1994-95. These errors resulted from weaknesses in the Department's procedures for assessing individuals' eligibility before they commence training. The Department have taken steps to remedy these weaknesses (paragraph 16).
- 13 Table 2 gives a breakdown of my estimate of errors leading to overpayments to TECs for training programmes.

**Table 2: Payments to TECs for training programmes –  
National Audit Office audit results for 1994-95 (1993-94)**

	£m	£m
Overpayments to TECs for training weeks and outputs which were ineligible, where the TEC had claimed the incorrect amount or which were not substantiated by adequate documentary evidence (paragraphs 7 and 8)	7.9	(6.7)
Overpayments to South Thames TEC (paragraphs 10 and 11)	1.5	(—)
Overpayments for training provided to ineligible participants (paragraph 12)	10.4	(6.8)
<b>Total</b>	<b>19.8</b>	<b>(13.5)</b>

- Payment of allowances to individuals participating in the Training for Work and Learning for Work programmes** 14 Training for Work is available to people aged 18-63 who have been unemployed for 26 weeks or more, or who are lone parents, ex-regulars in HM Armed Forces or former detainees. Learning for Work was available until August 1994 for people who were unemployed for at least 12 months.
- 15 Participants in these programmes receive a weekly allowance equivalent to their benefit entitlement plus £10, paid by the Employment Service through local Jobcentres and Unemployment Benefit Offices. Several other agencies are involved in the payment process: the TECs who deliver the training programmes; providers who arrange the training and inform the Employment Service when training starts and finishes; and the Benefits Agency who assess the claimant's entitlement to income support.
- 16 In my report on the 1993-94 Account, I noted that the Department and the Employment Service had taken a number of steps to address specific areas of weakness in the procedures for allowance assessment and payment. These included the issuing of revised instructions to all Employment Service offices reinforcing the importance of compliance with procedures for assessing allowances and the strengthening of procedures for interviewing claimants before they enter the programmes. Since then the Department and the Employment Service have taken further steps to improve their performance, most of which came into operation at the start of 1995-96, as follows:
- the eligibility checking process has been strengthened. Employment Service staff checking eligibility must complete a form to confirm why claimants are or are not eligible and training providers must have a signed form from the Employment Service confirming eligibility before they can start someone on Training For Work;

- a Memorandum of Understanding has now been drawn up between the Department and the Employment Service clarifying respective roles and responsibilities together with revised guidance on checking eligibility;
- the Employment Service are encouraging better liaison between their districts and TECs which should help staff better understand the eligibility criteria and reduce the risk of overpayments; and
- Employment Service directors now have personal objectives linked to improving accuracy of Training for Work allowance payments in their regions.

**1994-95 examination** 17 My audit was based on a sample of 402 payments of Training for Work allowances to individual trainees, selected randomly on a statistical basis, made by 20 local offices of the Employment Service in England. In carrying out this examination my staff found 47 overpayments and 14 underpayments. The sampling techniques used enabled me to extrapolate the results to provide a quantified statement of financial error. I have been able to estimate that the Department's expenditure on allowances contained overpayments to all claimants in 1994-95 of £21.0 million, and underpayments of £0.5 million. Table 3 gives a breakdown of these estimates by type of error.

**Table 3: Training Allowances paid to individuals –  
National Audit Office audit results for 1994-95 (1993-94)**

	£m	£m
<b>Overpayments to participants</b>		
• who were ineligible for Training for Work and Learning for Work <sup>(a)</sup>	17.4	(8.5)
• who had ceased training <sup>(a)</sup>	0.4	(2.6)
• whose benefit entitlement had been incorrectly assessed	2.9	(4.3)
• which were incorrect for other reasons	0.3	(0.5)
<b>Sub-total</b>	<b>21.0</b>	<b>(15.9)</b>
<b>Underpayments</b>		
• underpayments to individuals	(0.5)	(1.0)
• where participants have continued to draw their existing social security benefits instead of being paid equivalent training allowances <sup>(b)</sup>	(—)	(3.3)
<b>Sub-total</b>	<b>(0.5)</b>	<b>(4.3)</b>
<b>Net total</b>	<b>£20.5</b>	<b>(£11.6)</b>

Notes: <sup>(a)</sup>As the participants would have been entitled to other benefits, the actual loss to the Exchequer would, in some cases, have been confined to the loss of the weekly £10 allowance.

<sup>(b)</sup>Payments to these individuals were brought to account by the Department of Social Security rather than the Department of Employment and involved neither gain nor loss to the individuals concerned or the Exchequer. In 1994-95 the Department of Employment reimbursed the Department of Social Security for payments of this type.

**Irregularities involving payments to a national training provider** 18 I noted in my report on last year's account that the Department were investigating allegations of irregularities in payments made by TECs to a national training provider, and that the Police were also conducting their own enquiries. The Police enquiries are continuing and may in due course become the subject of court proceedings. I intend making a further report to Parliament on this matter.

**Class VI, Vote 1 Appropriation Account 1994–95:  
Uncertified Expenditure on Motorways and Trunk Roads:**

- 19 My reports on the 1988–89, 1989–90, 1990–91, 1991–92, 1992–93 and 1993–94 appropriation accounts have drawn attention to the backlog of uncertified expenditure on advances made to agent authorities for expenditure on motorways and trunk roads. These advances are charged to the vote when they are made but it is only when a claim has been submitted by the agent authority to the Highways Agency and subsequently certified by the agent authority's auditors that the Highways Agency can satisfactorily confirm that the money advanced has been spent for the purposes intended and in accordance with the authority which governs it, and finally assure Parliament accordingly.
- 20 In the 1994–95 appropriation account subheads A1 and B1 record expenditure on construction, renewal and maintenance of roads and bridges of £2.2 billion. Of this, £592 million relates to expenditure by the Highways Agency's agent authorities on motorway and trunk road renewal and maintenance. The target date for audit of this expenditure is 31 December 1995, assuming the Agency have been able to obtain all claims from their agents and submitted them to auditors by 15 October. At the time of preparing the 1994–95 appropriation account the £592 million is not therefore considered as contributing to the backlog of uncertified expenditure. In addition, the Highways Agency recorded £199 million in their books in respect of a backlog of unaudited expenditure in the nine years from 1984–85 to 1993–94. The significant backlog yet to be confirmed means that the evidence available to confirm the charge of £592 million to the account in 1994–95 has been limited and I have therefore qualified my opinion.
- 21 My report on the 1993–94 appropriation account noted the Highways Agency's continuing efforts to improve the position on submission and auditing of claims. These efforts have helped to reduce the backlog but there continue to be some inaccuracies in the Highways Agency's record of the backlog (paragraphs 27 to 28).
- 22 My 1993–94 report (paragraphs 28 to 29) also noted the Highways Agency's intention to make three further improvements once the results of a joint National Audit Office/Highways Agency review of uncertified claims had been conducted in July 1994. The details of the joint review are at paragraphs 6 to 8 below. The planned improvements noted in my report are as follows:
- (i) giving early consideration to the introduction of targets for certification of claims by auditors, and follow-up action where those targets are not met;
  - (ii) introducing procedural changes to simplify the arrangements for submission of claims and ensure that agent authorities keep proper records to support their claims; and
  - (iii) withholding advances until final certificates have been received and recovering uncertified advances from previous years.
- 23 As regards the action on (i), in October 1994 the Audit Commission revised their instruction to auditors to incorporate such deadlines and they have been and continue to be in close liaison with the Highways Agency to agree the extent and disposition of the backlog of uncertified claims. The extent and disposition of the backlog should be identified swiftly, with replacement claims continuing to be provided to auditors for certification where the originals have not reached them and copies of certified claims obtained from auditors where the original certified claims have gone astray. And in

August 1995 the Highways Agency introduced the first of a series of instructions to their staff (Roads Claims Guidance Notes) on the procedures to be adopted to enable them to monitor progress properly against claim submission and audit targets. On (ii) the Highways Agency issued in 1995 a consultation document, "Trunk Roads and Motorways: Review of Agency Agreements". They intend to change the current agency agreements by 1997, at which time the public and private sectors would compete. This could fundamentally change the claims regime and they are reviewing their contract documentation accordingly. They have planned to simplify claims procedures, and a working group took this forward in September 1995. On (iii) they consider that in practice enforcement would be difficult in the majority of cases where the agent authority have carried out the maintenance work but have failed to submit the relevant claim documentation in accordance with the agreed timetable. There is a risk that the agent will withdraw from the agreement and the Highways Agency would need to seek alternative agents. The joint National Audit Office/Highways Agency review did recommend, however, the retention of the final ten per cent of the balance on the final claim unless the agent submits the relevant documents to the Highways Agency by the agreed deadline.

- 24 The joint review also examined the accuracy of the Highways Agency's records of claims received and outstanding at July 1994 and the reasons for the backlog. This exercise highlighted significant inaccuracies in the Highways Agency's record of the backlog of uncertified expenditure. At July 1994 the backlog was recorded as £380 million but the joint review found that the figure was more likely to be £360 million.
- 25 The National Audit Office/Highways Agency review team followed up my report on the 1993–94 appropriation account with a joint management report issued to the Highways Agency in July 1995. This provided the Highways Agency with a nineteen point action plan for helping them to reduce the backlog of uncertified expenditure. This included action on the introduction of deadlines for claims submission and audit; procedural changes to simplify the claims system; review by the Highways Agency of their records to establish their accuracy; more regular confirmation from agent authorities of amounts spent; earlier submission and audit of claims; and consistent record-keeping.
- 26 The Highways Agency agreed the action plan and fourteen of the recommendations have already been achieved and the remainder are currently in hand. In particular, they have issued improved central guidance on procedures; now liaise monthly with the Audit Commission on the progress of claims submission and audit; introduced proper progress chasing of claims which have not been acknowledged as received by the auditors; introduced central control over the information on the extent and disposition of the backlog of uncertified expenditure; started checking their backlog information to source documents; and are examining the possibility of introducing monthly statements of expenditure from agents. The Highways Agency have been undergoing a major restructuring exercise during 1995 and await staff in some of their operating units to conduct the agent authority expenditure work. They have therefore decided to delay the implementation of the plans to simplify the claims procedures and record keeping until these staff are in post and held a meeting in September 1995 to take the issues forward.
- 27 Since my report on the 1993–94 account, the Highways Agency have made substantial efforts to clear the backlog and have liaised extensively with the Audit Commission. Consequently, they have cleared a substantial level of claims and, as noted at page 40, at July 1995 record £199 million as outstanding. This compares with £360 million in July 1994 and £470 million

in July 1993. However, the National Audit Office's follow-up work to the joint management report through visits to two operating units, Bedford and Dorking, found that there were still errors in the backlog figure recorded by the Highways Agency.

- 28** They concluded that the backlog was more likely to be £186 million (representing five per cent of the £3.8 billion advanced in respect of 1985–86 to 1993–94). In total, 74 per cent of the backlog was in respect of advances for 1992–93 and prior years and 26 per cent was in respect of 1993–94 advances. The latter compares with 60 per cent in July 1994 for 1992–93 advances and is a much improved position. Of the £635 million advanced to agent authorities in 1993–94, which had a target date for audit of 28 February 1995, £48 million (7.6 per cent) had not been audited by July 1995. Of these, £37.6 million were recorded as being with auditors for certification, £9.8 million yet to be submitted by agent authorities and £0.8 million with the Highways Agency. Overall, the £186 million backlog comprised claims for £44 million yet to be submitted by agent authorities, claims for £8 million with the Highways Agency and claims for £134 million with auditors for certification. However, a proportion of the amounts recorded as being with auditors represents claims only just made available to them, or where there is uncertainty as to the current disposition of the claims, for example where claims have gone astray. The Highways Agency and the Audit Commission are liaising on this issue on a continuous basis.
- 29** My report in 1993–94 (paragraph 38) noted that the joint exercise by the Highways Agency and the National Audit Office to validate the Highways Agency's records of uncertified expenditure helped to reveal 23 cases in 1993–94 where the auditors' records showed that the claims had been certified and returned to the Highways Agency, but the Highways Agency recorded these as uncertified and still with the auditors. These 23 cases, amounting to £6.4 million, were written off by the Highways Agency and noted in the 1993–94 appropriation account. The exercise also revealed a further 34 cases for potential write-off in 1994–95 totalling £15.4 million but following the joint management report the auditors were able to provide certified copies of these claims, thus clearing these cases from the backlog. During 1994–95, the Highways Agency wrote off £11.8 million in respect of unvouched expenditure on older claims, which is recorded in the 1994–95 losses statement for the appropriation account. Of this, there were 26 cases over £100,000, totalling £11.0 million.
- 30** Although the Highways Agency have made significant progress in clearing claims and introducing better control procedures, the large sums yet to be certified (£186 million) mean that the evidence available has been limited as to the final amounts properly chargeable to the vote in 1994–95. These amounts include prior years' advances for 1984–85 to 1993–94 which the auditors would have aimed to certify by 28 February 1995 or before (assuming that all claims had reached them by 30 November 1994), and thus possible amendments that could have been chargeable to the vote in 1994–95. They also include advances made in 1994–95 and not required to be certified until 31 December 1995. But because of a history of delays and outstanding claims the advances made in 1994–95 may not be a proper charge to the vote. Because there are significant amounts as yet uncleared I have not obtained all the information I consider necessary for the purposes of my audit. I have therefore qualified my opinion.

**Class VI, Vote 4: Driver and Vehicle Licensing Agency:****Motor Tax Account**

- 31** I examine the accounts of the receipt of revenue by government departments under section 2 of the Exchequer and Audit Departments Act 1921. These accounts are not published and I am not statutorily required to certify their accuracy; but I am required to examine them on behalf of the House of Commons in order to ascertain that adequate regulations and procedures have been framed to secure an effective check on the assessment, collection and proper allocation of revenue, and to satisfy myself that such regulations and procedures are being duly carried out. I am also required to carry out such examination as I think fit with respect to the correctness of sums brought to account and, together with my report on the Appropriation Accounts of the departments concerned, to report to the House of Commons on the results of my examination.
- 32** Under these provisions, and in accordance with the National Audit Office auditing standards, my staff have carried out test examinations of the 1994–95 revenue accounts of motor vehicle duties, prepared by the Department of Transport's Driver and Vehicle Licensing Agency, and of the sums brought to account. As a result of these examinations, I am satisfied that adequate regulations and procedures to assess, collect and allocate motor vehicle duties were in place and were duly carried out.
- 33** The total net proceeds of motor vehicle duty (including amounts collected by the Post Office), brought to account in the 1994–95 Motor Tax Account amounted to £3,853 million compared with £3,650 million in the previous year, an increase of £203 million (6 per cent). The Department of Transport's records show that the increase in 1994–95 was mainly due to the rates of duty for private and light goods vehicles having been raised by the Chancellor of the Exchequer in the November 1994 Budget and the general increase in the number of vehicles.

*John Bourn*  
Comptroller and Auditor General

5 January 1996

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Classes V and VI:

Page	Class	Service	Estimated Gross Expenditure	Authorised Appropriations in Aid	Supply Grant
			£000	£000	£000
5	V	Department of Employment	4,197,166	915,253	3,281,913
31	VI	Transport	6,687,243	256,226	6,431,017
<b>Total</b>			10,884,409	1,171,479	9,712,930



Summary

Gross Expenditure	Appropriations in Aid applied	Net Expenditure	Gross Expenditure compared with Estimate: Saving or (Excess)	Deficiency of Appropriations in Aid	Amount to be surrendered	Extra Receipts payable to Consolidated Fund	Class
£000	£000	£000	£000	£000	£000	£000	
4,068,325	894,848	3,173,477	128,841	20,405	108,436	244,891	V
6,336,211	253,541	6,082,670	351,032	2,685	348,347	375,110	VI
10,404,536	1,148,389	9,256,147	479,873	23,090		620,001	
Total amount to be surrendered					456,783		
Actual total amount to be surrendered					<u>£456,782,379.30</u>		



**Class V—  
Employment**



## **Statement of Accounting Officers' responsibilities with respect to Appropriation Accounts**

Section 22 of the Exchequer and Audit Departments Act 1866 requires all departments to prepare accounts of the appropriation of supply grants comprised in each year's Appropriation Act. The Treasury appoint an Accounting Officer for each Vote and determine the form of the accounts. The accounts are prepared on a cash basis and must properly present the receipts and expenditure for each Vote in the financial year.

The relevant responsibilities of Accounting Officers, including their responsibility for the propriety and regularity of the public finances for which they are answerable, and for the keeping of proper records, are set out in the Accounting Officers' Memorandum, issued by the Treasury and published in "Government Accounting" (HMSO).

## Class V: Department

Page	No. of Vote	Service	Estimated Gross Expenditure	Authorised Appropriations in Aid	Supply Grant
			£000	£000	£000
10	1	Department of Employment: programmes and central services	2,427,603	96,998	2,330,605
20	2	Department of Employment: Employment Service	1,556,728	818,199	738,529
26	3	Health and Safety Commission and Advisory, Conciliation and Arbitration Service	212,835	56	212,779
		<b>Total</b>	4,197,166	915,253	3,281,913

**of Employment**

Gross Expenditure	Appropriations in Aid applied	Net Expenditure	Gross Expenditure compared with Estimate: Saving or (Excess)	Deficiency of Appropriations in Aid	Amount to be surrendered	Extra Receipts payable to Consolidated Fund	No. of Vote
£000	£000	£000	£000	£000	£000	£000	
2,352,904	76,630	2,276,274	74,699	20,368	54,331	223,816	1
1,516,245	818,199	698,046	40,483	—	40,483	17,657	2
199,176	19	199,157	13,659	37	13,622	3,418	3
4,068,325	894,848	3,173,477	128,841	20,405		244,891	
Total amount to be surrendered					108,436		
Actual total amount to be surrendered					<u>£108,436,765.12</u>		

## Department of Employment: Programmes and Central Services

### See also Report of the Comptroller and Auditor General

**Summary of Outturn** and the **Account** of the sum expended, in the year ended 31 March 1995, compared with the sum granted, for expenditure by the Department of Employment including expenditure via Training and Enterprise Councils and local enterprise companies and amounts retained by them as surpluses and spent by them on training and other initiatives within Training and Enterprise Councils' articles and memoranda of association, including the provision of training and assessment programmes for young people and adults and initiatives, programmes within education and careers guidance and services; on the promotion of enterprise and the encouragement of self-employment; payments for training and employment projects assisted by the EC; on help for unemployed people; the improvement of industrial relations; the promotion of equal opportunities and coordination of certain issues of particular importance to women; industrial tribunals; compensation for persons disabled by certain industrial diseases; payments towards expenses of trade union ballots; on residual liabilities and disposal of the remaining assets of the former National Dock Labour Board; on the costs of maintaining and disposing of the former Skills Training Agency; administration, central and miscellaneous services, including assistance on employment issues to Eastern Europe in cooperation with the Foreign and Commonwealth Office and on research and publicity.

### Summary of Outturn

Section	Estimated			Actual		
	Gross Expenditure	Appropriations in Aid	Net Expenditure	Gross Expenditure	Appropriations in Aid	Net Expenditure
	£000	£000	£000	£000	£000	£000
<b>Programmes Delivered Mainly through TECs</b>						
A	1,733,675	4,512	1,729,163	1,696,848	4,177	1,692,671
<b>Other Departmental Expenditure</b>						
B to D	480,054	75,124	404,930	451,547	67,667	383,880
<b>Other Training Programmes</b>						
E	213,874	17,362	196,512	204,509	4,786	199,723
<b>Total</b>	<u>2,427,603</u>	<u>96,998</u>	<u>2,330,605</u>	<u>2,352,904</u>	<u>76,630</u>	<u>2,276,274</u>



**Account**

Service	Grant	Expenditure	Expenditure compared with Grant	
			Less than Granted	More than Granted
	£000	£000	£000	£000
Section A				
<b>Programmes Delivered Mainly through Training and Enterprise Councils (TECs)</b>				
A1 Youth training and training credits	675,726	647,039	28,687	—
A2 Work related further education	105,801	105,800	1	—
A3 Performance related funding	29,050	26,194	2,856	—
A4 Training for work	693,348	[692,671]	[677]	—
A5 Skill Choice	13,131	12,441	690	—
A6 Employer investment in people	64,930	63,024	1,906	—
A7 Out of school care initiative	12,760	11,458	1,302	—
A8 TEC administrative costs: running costs	130,267	129,654	613	—
A9 TEC surpluses spent outside subheads A1 to A8 and A11 to A12	1	—	1	—
A10 TEC surpluses from current year retained as reserves	1	—	1	—
A11 Learning for work	8,000	8,167	—	167
A12 Workstart pilots	660	400	260	—

**Explanation** of causes of variation between expenditure and grant

A7 The establishment of schemes took longer than anticipated.

*Account continued*

Service	Grant	Expenditure	Expenditure compared with Grant	
			Less than Granted	More than Granted
	£000	£000	£000	£000
<b>Section B</b>				
<b>Other Training and Employment Programmes</b>				
B1 Enterprise in higher education and other higher education projects	13,394	12,882	512	—
B2 Career development loans	12,480	10,117	2,363	—
B3 National Council for Vocational Qualifications (grant in aid)	1,928	1,928	—	—
B4 Training and education support programmes	31,670	29,738	1,932	—
B5 Youth enterprise initiative	1,561	1,525	36	—
B6 Initiatives for particular disadvantaged groups	135	55	80	—
B7 Evaluation and research	7,090	7,021	69	—
B8 Payments for statistical surveys	7,750	6,740	1,010	—
B9 Publicity to promote Department of Employment objectives	11,402	11,243	159	—
B10 Agency payments on behalf of the European Communities (net)	1	—	1	—
B11 Agency payments on behalf of the European Regional Development Fund (net)	1	—	1	—
B12 Investors in People UK (grant in aid)	2,250	2,200	50	—
B13 Careers Service	43,427	38,139	5,288	—

**Explanation** of causes of variation between expenditure and grant

B2 A shortfall occurred against the target number of loans.

B8 Decreased costs due to efficiency savings.

B13 The total Careers Service budget is contained in subheads B13 and E2. A notional split of the budget was agreed with Treasury between the two subheads. The underspend in B13 is a result of more money being spent on activities in E2. Subhead E2 remains underspent due to an unrelated decision by Customs and Excise, resulting in lower VAT expenditure than anticipated.

*Account continued*

Service	Grant	Expenditure	Expenditure compared with Grant	
			Less than Granted	More than Granted
	£000	£000	£000	£000
<b>Section C</b>				
<b>Industrial Relations Programmes</b>				
C1 Trade union education and training	1,282	1,270	12	—
C2 Trade union ballots	3,360	1,821	1,539	—
C3 Commissioners for the Rights of Trade Union Members and for Protection Against Unlawful Industrial Action (grants in aid)	535	398	137	—
C4 Pneumoconiosis etc (workers' compensation) payments	3,459	3,457	2	—
C5 International subscription for UK membership of the International Labour Organisation	7,645	7,922	—	277
C6 National Dock Labour Board	16	89	—	73
C7 Programme awareness and support activities	308	281	27	—
C8 Equal Opportunities Commission (grant in aid)	5,949	5,949	—	—
C9 Fair play for women	125	118	7	—
<b>Section D</b>				
<b>Administration and Central Services</b>				
D1 Departmental running costs	279,585	273,374	6,211	—
D2 Skills Training Agency (running costs)	1,679	1,553	126	—
D3 International Labour Organisation (running costs)	100	93	7	—
D4 Other non-running costs	24,894	20,407	4,487	—
D5 Capital expenditure	17,733	12,942	4,791	—
D6 Skills Training Agency capital	295	285	10	—
<b>Section E</b>				
<b>Central Government Grants to Local Authorities:-</b>				
<b>Other Training Programmes</b>				
E1 Technical and vocational education initiative (TVEI)	80,963	82,958	—	1,995
E2 Careers Service	132,910	121,551	11,359	—
E3 Agency payments on behalf of the European Communities	1	—	1	—

**Explanation** of causes of variation between expenditure and grant

C2 Fewer than anticipated Trade Unions claimed refunds of ballot costs.

D4 TEC secondee numbers reduced faster than anticipated, in addition to an underspend in respect of TEC rents.

D5 A delay occurred in the refurbishment of Caxton House, London.

*Account continued*

Service	Grant	Expenditure	Expenditure compared with Grant	
			Less than Granted	More than Granted
	£000	£000	£000	£000
<b>Gross Total</b>				
Original (revised sum)	2,398,364			
Supplementary	0			
Supplementary	0			
Supplementary	<u>29,239</u>			
	2,427,603	2,352,904	77,211	2,512
			Surplus of Gross Estimate over Expenditure <u>74,699</u>	
<i>Deduct</i>	Estimated £000	Realised £000		
Z Appropriations in Aid				
Original (revised sum)	96,308			
Supplementary	0			
Supplementary	0			
Supplementary	<u>690</u>			
	96,998	76,630		Deficiency of Appropriations in Aid realised <u>20,368</u>
<b>Net Total</b>				
Original (revised sum)	2,302,056			
Supplementary	0			
Supplementary	0			
Supplementary	<u>28,549</u>			
	2,330,605	[2,276,274]		Net Surplus <u>[54,331]</u>
				Actual surplus to be surrendered <u>£54,331,288.33</u>

Receipts	Estimated £000	Realised £000
Receipts payable to the Consolidated Fund		
Receipts of classes not authorised to be used as Appropriations in Aid	320,328	223,816
Actual sum payable separately to the Consolidated Fund		<u>£223,816,492.41</u>
<b>(i) Receipts of classes authorised to be used as Appropriations in Aid</b>		
<b>Subhead AZ</b>		
Repayment of working capital loans made to TECs in respect of YT and youth credits	2,616	1,380 (a)
Repayment of working capital loans made to TECs and the National Training Partnership Ltd in respect of Training for Work, Employment Training and Employment Action	1,727	2,696 (b)
Repayment of working capital loans made to TECs and advances to providers in respect of business and enterprise	158	96
Receipts from sale of National Training Award mementoes	10	5
Refunds of VAT related to consultancy fees	<u>1</u>	<u>—</u>
	<u>4,512</u>	<u>4,177</u>
<b>Subhead BZ</b>		
Contributions from the Department for Education (Class X, Vote 1) towards the costs of the NCVQ	488	488
Receipts from TECs, mainly from local initiative funds, in respect of locally sponsored career development loans	40	12
Repayment by banks of recovered guarantee payments from career development loans	250	401
Receipts from the EC for a European Social Fund follow-up survey	125	25
Receipts from organisations for publicity and promotional materials and for public enquiry helplines used in support of broadcast programmes on employment and training issues	330	161
Refunds of VAT on the Careers Service	5,840	4,769 (c)
Refunds of VAT related to consultancy fees	1	—
Receipts from outside bodies in respect of research projects	<u>274</u>	<u>274</u>
	<u>7,348</u>	<u>6,130</u>
<b>Subhead CZ</b>		
Receipts from recoveries by the Commissioner for the Rights of Trade Union Members and the Commissioner for Protection Against Unlawful Industrial Action from applicants to whom assistance has been granted	<u>1</u>	<u>4</u>
	<u>1</u>	<u>4</u>
<b>Subhead DZ</b>		
Recovery by the Department of administrative and other costs incurred in the provision of services and facilities, and of legal costs and awards	21,026	19,476
Refunds of VAT	24,097	25,505
(a) relating to contracted-out services		
(b) relating to TEC management fee		
Sale of departmental publications and statistical information	1,924	1,651
Receipts from the private mileage scheme	300	182
Receipts from advertising, vending machines, staff facilities and recycling schemes	436	260
Recovery of salaries etc and superannuation costs for seconded staff	12,057	9,704 (d)
(a) general departmental secondments		
(b) staff seconded to enterprise bodies in Scotland		
(c) staff seconded to TECs		

<b>Details of Receipts</b> <i>continued</i>	Estimated £000	Realised £000
<b>Subhead DZ</b> <i>continued</i>		
Receipts from recovery of rent payments from outside organisations, and the disposal of surplus property and equipment	350	956 (e)
Receipts relating to former STA properties, including the sales of assets	4,860	1,441 (f)
Recovery from the European Community of travel costs of staff on EC business and for statistical surveys	39	367
Receipts from the Foreign and Commonwealth Office and outside bodies in respect of expenditure by the Department on assistance on employment matters to eastern Europe	120	140
Receipts from TECs, other government departments and outside bodies in respect of staff training undertaken by the Department's staff development branch	400	452
Recovery of rent payments made on behalf of TECs	<u>2,166</u>	<u>1,399 (g)</u>
	<u>67,775</u>	<u>61,533</u>
<b>Subhead EZ</b>		
Refunds of VAT on the Careers Service	17,345	4,770 (h)
Refunds of VAT related to consultancy fees	1	—
Receipts from Raising Standards conference	<u>16</u>	<u>16</u>
	<u>17,362</u>	<u>4,786</u>
<b>Total</b>	<u>96,998</u>	<u>76,630</u>
(ii) Receipts of other classes		
Contributions from the ESF towards certain expenditure by the Department	271,367	157,853 (i)
Fees from licensing employment agencies	800	1,083
ITB pension funds actuarial surplus	48,000	48,000
Additional receipts in respect of evaluation and research	161	191
Other	<u>—</u>	<u>16,689 (j)</u>
<b>Total</b>	<u>320,328</u>	<u>223,816</u>

- (a) Higher than estimated amounts were repaid in 1993/94, which formed the basis for the estimate in 1994/95. A supplementary estimate contained an amount to be loaned and repaid within year, which was not completely realised.
- (b) Additional repayments were made in 1994/95, rather than 1993/94 as originally planned.
- (c) The underspend in subhead B13 reduced the amount of VAT refunds on expenditure.
- (d) The underspend on secondees salaries in subhead D4, caused an under-recovery of costs for seconded staff.
- (e) Rental receipts on surplus properties exceeded expectations.
- (f) Low activity in the property market led to anticipated sales not materialising.
- (g) Under-recovery has been caused by the underspend on TEC rents in subhead D4.
- (h) Expenditure in subhead E2 is considered by Customs and Excise to no longer attract VAT. A substantial underspend of VAT has occurred, which has led to a substantial under-recovery in E2(1).
- (i) Delays in the approval process and the arrival of Commission Funds occurred, due to longer than anticipated negotiations.
- (j) Other extra receipts including recoveries of payments to TECs and others, Youth Training, Training for Work and other programmes which were overpaid in prior financial years.

<b>Losses Statement</b>	£000
Total Losses (11,809 cases)	1,961

**Details**

The Losses Statement includes:

- (a) £263,000.00 relating to overpayments made to Rochdale TEC in respect of Performance Related Funding which occurred in 1990/91 and 1991/92 in Class VI Vote 1.

Notes

Details of Expenditure

Subhead	Estimated	Actual	Expenditure compared with Grant	
			Saving	Excess
	£000	£000	£000	£000
<b>Subhead B10</b>				
<b>Agency Payments on behalf of the European Communities (Net)</b>				
Payments to non-Exchequer bodies other than local authorities for training and employment projects assisted by the European Social Fund (ESF) and the European Communities (EC) initiative Perifra	263,568	108,277	155,291	—
<b>Total Expenditure</b>	263,568	108,277	155,291	—
<i>Less</i>				
Receipts from the EC to meet the above payments	263,567	108,277	—	155,290
<b>Net Total</b>	1	—	155,291	155,290
			Net Saving 1	

Subhead	Estimated	Actual	Expenditure compared with Grant	
			Saving	Excess
	£000	£000	£000	£000
<b>Subhead B11</b>				
<b>Agency Payments on behalf of the European Regional Development Fund (Net)</b>				
Payments to non-Exchequer bodies other than local authorities for training projects assisted by the European Regional Development Fund (ERDF)	6,000	1,297	4,703	—
<b>Total Expenditure</b>	6,000	1,297	4,703	—
<i>Less</i>				
Receipts from the EC to meet the above payments	5,999	1,297	—	4,702
<b>Net Total</b>	1	—	4,703	4,702
			Net Saving 1	

B10 Delays in the approval process and the arrival of Commission funds occurred, due to longer than anticipated negotiations.

B11 Delays in the approval process and the arrival of Commission funds occurred, due to longer than anticipated negotiations.

**Details of Expenditure** *continued*

Subhead	Estimated	Actual	Expenditure compared with Grant	
			Saving	Excess
	£000	£000	£000	£000
<b>Subhead E3</b>				
<b>Agency Payments on behalf of the European Community</b>				
Payments to local authorities for training and employment projects assisted by the ESF and the EC initiative Perifra	45,000	38,521	6,479	—
<b>Total Expenditure</b>	45,000	38,521	6,479	—
<i>Less</i>				
Receipts from the EC to meet the above payments	44,999	38,521	—	6,478
<b>Net Total</b>	1	—	6,479	6,478
		Net Saving	1	

E3 Delays in the approval process and the arrival of Commission funds occurred, due to longer than anticipated negotiations.

The agency payments described in the tables above are made to local authorities and other non-Exchequer bodies in England, Scotland and Wales.

**Other Notes**

Subhead B11. ERDF payments include £385,915 paid directly to local authorities.

Subhead C3. The Receipts and Payments Accounts of the Commissioner for the Rights of Trade Union Members and of the Commissioner for Protection Against Unlawful Industrial Action are published separately as White Papers.

Subhead C8. The accounts of the Equal Opportunities Commission are published separately as a White Paper.

In December 1994 the Department appointed a receiver to manage South Thames TEC, pending a full investigation of the continued financial viability, as a going concern.

The Policy Section sponsoring the 1993/94 Raising Standards Conference, recovered delegate fees totalling £8,000. These monies were spent offsetting the cost to the Department of the Conference instead of being surrendered as Consolidated Fund Extra Receipts.

The 1993/94 Appropriation Account contained an additional column for Section A, detailing expenditure ultimately disbursed by TECs and others. This column has now been superseded by a separately published Income and Expenditure Account.

*Michael Bichard*  
Accounting Officer

31 October 1995



## **The Certificate of the Comptroller and Auditor General to the House of Commons**

I have audited the financial statements on pages 10 to 18 which have been prepared in accordance with the requirements of Government Accounting and other Treasury directions.

### **Respective responsibilities of the Accounting Officer and Auditors**

As described on page 7 the Accounting Officer is responsible for the preparation of financial statements. It is my responsibility to form an independent opinion, based on my audit, on those statements and to report my opinion to you.

### **Basis of opinion**

I certify that I have examined the financial statements referred to above in accordance with the Exchequer and Audit Departments Acts 1866 and 1921 and the National Audit Office auditing standards, which include relevant Auditing Standards issued by the Auditing Practices Board. An audit includes examination, on a test basis, of evidence relevant to the amounts and disclosures in the financial statements. It also includes an assessment of the judgements made by the Accounting Officer in the preparation of the financial statements.

I planned and performed my audit so as to obtain all the information and explanations which I considered necessary in order to provide me with sufficient evidence to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or other irregularity or error. In forming my opinion I also evaluated the overall adequacy of the presentation of information in the financial statements.

### **Opinion**

In my opinion the sums expended have been applied for the purposes authorised by Parliament and the account properly presents the expenditure and receipts of Class V, Vote 1 for the year ended 31 March 1995.

*John Bourn*  
Comptroller and Auditor General

19 December 1995

National Audit Office  
157-197 Buckingham Palace Road  
Victoria  
London SW1W 9SP

## Department of Employment: Employment Service

**Summary of Outturn** and the **Account** of the sum expended, in the year ended 31 March 1995, compared with the sum granted, for expenditure by the Employment Service of the Department of Employment on help for people seeking work, particularly unemployed people; on support for people with disabilities, including a grant in aid to Remploy Ltd; on assistance to eastern Europe on labour market issues, in cooperation with the Foreign and Commonwealth Office and other agencies; and on research, publicity and administration.

### Summary of Outturn

Section	Estimated			Actual		
	Gross Expenditure	Appropriations in Aid	Net Expenditure	Gross Expenditure	Appropriations in Aid	Net Expenditure
	£000	£000	£000	£000	£000	£000
<b>Help for unemployed people</b>						
A-C	1,519,958	814,946	705,012	1,480,530	815,636	664,894
<b>Help for unemployed people (sheltered employment)</b>						
D	33,517	—	33,517	32,840	—	32,840
<b>Help for unemployed people</b>						
E	3,253	3,253	—	2,875	3,102	(227)
<b>Total</b>	<u>1,556,728</u>	<u>818,199</u>	<u>*738,529</u>	<u>1,516,245</u>	<u>818,738</u>	<u>697,507<sup>†</sup></u>

\*The original cash limit on this Vote was subsequently reduced to £723,229,000.

<sup>†</sup>This figure is £539,000 less than the net total of expenditure in the appropriation account, being the difference between the appropriations in aid realised (£818,738,000) and those authorised to be applied (£818,199,000).

**Account**

Service	Grant	Expenditure	Expenditure compared with Grant	
			Less than Granted	More than Granted
	£000	£000	£000	£000
<b>Help for Unemployed People (Sections A to C)</b>				
Section A				
<b>Employment Service:-</b>				
<b>Administration Costs</b>				
A1 Running costs	1,084,108	1,049,865	34,243	
A2 Other administrative costs	293	939		646
A3 Capital expenditure	74,097	79,439		5,342
Section B				
<b>Programmes for Unemployed People</b>				
B1 Programmes for priority groups	212,586	204,523	8,063	
B2 Incentives to reduce unemployment	1,983	2,872		889
B3 Research and development	947	1,072		125
Section C				
<b>Help for People with Disabilities</b>				
C1 Services for people with disabilities	25,650	24,575	1,075	
C2 Grant in aid to Remploy Ltd	92,082	92,081	1	
C3 Temporary loans to Remploy Ltd	5,000	—	5,000	
C4 Sheltered Employment: grants to voluntary bodies	22,812	24,704		1,892
C5 Training for sheltered employment: payments to local authorities	400	460		60

**Explanation** of the causes and variation between Expenditure and Grant

A2 Higher than anticipated number of staff on secondment. However this variance was partially offset by an increased recovery of salary costs from host organisations.

B2 The overspend on Travel to Interview scheme occurred because demand outstripped provision.

C3 Remploy Ltd did not take advantage of the loan facility.

*Account continued*

Service	Grant	Expenditure	Expenditure compared with Grant	
			Less than Granted	More than Granted
	£000	£000	£000	£000
Section D <b>Help for Unemployed People (Sheltered Employment)</b>				
D1 Sheltered employment: grants to local authorities	33,517	32,840	677	
Section E <b>Help for Unemployed People</b>				
E1 Programme Development funds initiatives	3,253	2,875	378	
<b>Gross Total</b>				
Original (Revised Sum) <u>1,556,728</u>	1,556,728	1,516,245	49,437	8,954
			Surplus of Gross Estimate over Expenditure <u>40,483</u>	
<i>Deduct</i>	Estimated £000	Applied £000		
Z Appropriations in Aid Original (Revised Sum) <u>818,199</u>	818,199	818,199		
<b>Net Total</b>				
Original (Revised Sum) <u>738,529</u>	738,529	698,046	Net Surplus <u>40,483</u>	
			Actual surplus to be surrendered <u>£40,483,414.89</u>	

The Net Parliamentary Grant of £698,046,000 received is recorded in the Agency's Account Cash Flow Reconciliation Statement. This Account is published in the Employment Service Annual Report and Accounts.

<b>Receipts</b>	Estimated £000	Realised £000
Receipts payable to the Consolidated Fund		
(i) Receipts of classes authorised to be used as Appropriations in Aid	818,199	818,199
Receipts in excess of those authorised to be appropriated in aid surrendered to the Consolidated Fund	—	539
	<u>818,199</u>	<u>818,738</u>
(ii) Receipts of other classes	12,416	17,118
Gross Total	830,615	835,856
Appropriated in Aid		<u>818,199</u>
Net Total		17,657
Actual sum payable separately to the Consolidated Fund		<u>£17,657,583.50</u>

<b>Details of Receipts</b>	Estimated £000	Applied £000
(i) Receipts of classes authorised to be used as Appropriations in Aid		
<b>Subhead AZ</b>		
Recovery from the DSS of the cost of administration of unemployment benefit and associated payments	635,474	635,474
Recovery from the DSS of the cost of staff providing advice and guidance to long term unemployed people	50,358	50,358
Recovery from the DSS (ITSA) of the full economic cost of the unemployment benefit computer system and associated costs	102,000	97,767
Receipts from rents received, from minor occupiers for services provided, and similar receipts	170	825 (a)
Receipts from the private mileage scheme	826	769
Receipts from the sale of surplus equipment, for information technology services, vending machines and similar receipts	3,016	2,343 (b)
Refunds of VAT relating to contracted-out services	3,996	8,609 (c)
Receipts from Central Statistical Office for statistical work done by ES	817	681
Recovery of salaries costs etc for seconded ES staff	203	628
Recovery from the Scottish and Welsh Offices of the cost of administration of Employment Department programme allowances in Scotland and Wales	4,303	4,302
Recovery from European Community of travelling expenses	28	13
Receipts from the ES Revenue Generation Scheme	1	471
Receipts in respect of expenditure on labour market issues in eastern Europe	1	105
Receipts from the Ministry of Defence in respect of the provision of a Jobcentre for the British Army of the Rhine	1	52
Receipts from sponsors in respect of sheltered placements within the ES	1	9
	<u>801,195</u>	<u>802,406</u>
<b>Subhead BZ</b>		
Recoveries from employers, providers and individuals of excess payments made under the various employment measures administered by the ES	10	22
VAT in respect of programmes for priority groups	8,740	12,896 (d)
	<u>8,750</u>	<u>12,918</u>

<b>Details of Receipts</b> <i>continued</i>	Estimated £000	Applied £000
<b>Subhead CZ</b>		
Repayment of Remploy Ltd temporary loans	5,000	— (e)
Sale of Remploy Ltd capital assets	<u>1</u>	<u>—</u>
	5,001	—
<b>Subhead EZ</b>		
Recovery from the Department of the Environment for the costs of delivering Programme Development funds initiatives in England	<u>3,253</u>	<u>2,875</u>
<b>Total</b>	<u>818,199</u>	<u>818,199</u>
	Estimated £000	Realised £000
(ii) Receipts of other classes		
Interest received from Remploy Ltd for temporary loans	1	
Other Receipts	1	7,329 (f)
Unplanned receipts from the sale of Remploy Ltd capital assets	1	
Contributions from the European Social Fund towards certain expenditure by the Employment Service	<u>12,413</u>	<u>9,789 (g)</u>
<b>Total</b>	<u>£12,416</u>	<u>£17,118</u>

- (a) Increase in short term sub-letting of surplus properties.
- (b) Less disposals than anticipated.
- (c) Greater awareness by budget holders. More accurate capture and recording of data using the new accounting system.
- (d) Increased awareness of budget holders and tighter accounting procedures has improved the recovery of programme VAT.
- (e) Remploy Ltd did not take advantage of the loan facility.
- (f) Other miscellaneous receipts, including receipts from the sale of buildings following the integration of the ES Estate, which cannot be accurately predicted.
- (g) There is a direct correlation between programme underspends and receipts from the European Social Fund. Because programmes underspent, receipts from Europe will be smaller.

**Losses Statement**

	£000
Total (1,866 cases)	349

**Notes**

**Special Payments**

Total (483 cases)	247
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*M E Fogden*  
Accounting Officer

2 August 1995

## **The Certificate of the Comptroller and Auditor General to the House of Commons**

I have audited the financial statements on pages 20 to 24 which have been prepared in accordance with the requirements of Government Accounting and other Treasury directions.

### **Respective responsibilities of the Accounting Officer and Auditors**

As described on page 7 the Accounting Officer is responsible for the preparation of financial statements. It is my responsibility to form an independent opinion, based on my audit, on those statements and to report my opinion to you.

### **Basis of opinion**

I certify that I have examined the financial statements referred to above in accordance with the Exchequer and Audit Departments Acts 1866 and 1921 and the National Audit Office auditing standards, which include relevant Auditing Standards issued by the Auditing Practices Board. An audit includes examination, on a test basis, of evidence relevant to the amounts and disclosures in the financial statements. It also includes an assessment of the judgements made by the Accounting Officer in the preparation of the financial statements.

I planned and performed my audit so as to obtain all the information and explanations which I considered necessary in order to provide me with sufficient evidence to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or other irregularity or error. In forming my opinion I also evaluated the overall adequacy of the presentation of information in the financial statements.

### **Opinion**

In my opinion the sums expended have been applied for the purposes authorised by Parliament and the account properly presents the expenditure and receipts of Class V, Vote 2 for the year ended 31 March 1995.

*John Bourn*  
Comptroller and Auditor General

10 October 1995

National Audit Office  
157-197 Buckingham Palace Road  
Victoria  
London SW1W 9SP

## Health and Safety Commission and Advisory, Conciliation and Arbitration Service

**Summary of Outturn** and the **Account** of the sum expended, in the year ended 31 March 1995, compared with the sum granted, for expenditure by the Department of Employment on grants in aid to the Health and Safety Commission, and to the Advisory, Conciliation and Arbitration Service.

### Summary of Outturn

Section	Estimated			Actual		
	Gross Expenditure	Appropriations in Aid	Net Expenditure	Gross Expenditure	Appropriations in Aid	Net Expenditure
	£000	£000	£000	£000	£000	£000
<b>A fair and safe environment for work</b> (Section A)						
A	<u>212,835</u>	<u>56</u>	<u>212,779*</u>	<u>199,176</u>	<u>19</u>	<u>199,157</u>

\*The original cash limit on this Vote was subsequently reduced to £210,979,000.



**Account**

Service	Grant	Expenditure	Expenditure compared with Grant	
			Less than Granted	More than Granted
	£000	£000	£000	£000
Section A				
<b>A Fair and Safe Environment for Work</b>				
A1 Health and Safety Commission: grant in aid	190,164	177,376	12,788	0
A2 Advisory, Conciliation and Arbitration Services: grant in aid	22,671	21,800	871	0
<b>Gross Total</b>				
Original	<u>212,835</u>			
	212,835	199,176	13,659	0
			Surplus of Gross Estimate over Expenditure <u>13,659</u>	
<i>Deduct</i>	Estimated £000	Realised £000		
AZ Appropriations in Aid Original	<u>56</u>			Deficiency of Appropriations in Aid Realised <u>37</u>
	56	19		
<b>Net Total</b>				
Original	<u>212,779</u>			Net Surplus <u>13,622</u>
	212,779	199,157		

Actual surplus to be surrendered £13,622,061.90

<b>Receipts</b>	Estimated £000	Realised £000
Receipts payable to the Consolidated Fund		
Miscellaneous	0	3,418
Actual sum payable separately to the Consolidated Fund		<u>£3,418,242.13</u>

<b>Details of Receipts</b>	Estimated £000	Realised £000
(i) Receipts of classes authorised to be used as Appropriations in Aid		
<b>Subhead AZ</b>		
Contributions from the European Coal and Steel Community and Euratom towards certain expenditure by the Health and Safety Commission	56	19
(ii) Receipts of other classes		
Miscellaneous	0	3,418 (a)
(a) Excess appropriations in aid and miscellaneous receipts including bank interest, contributions for car lease schemes and season ticket recoveries.		

**Note**

The Income and Expenditure Account and Balance Sheet of the Health and Safety Commission is published separately as a White Paper.

The Receipts and Payments Account of the Advisory, Conciliation and Arbitration Service is published separately as a White Paper.

*Michael Bichard*  
Accounting Officer

8 September 1995

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## The Certificate of the Comptroller and Auditor General to the House of Commons

I have audited the financial statements on pages 26 to 28 which have been prepared in accordance with the requirements of Government Accounting and other Treasury directions.

### Respective responsibilities of the Accounting Officer and Auditors

As described on page 7 the Accounting Officer is responsible for the preparation of financial statements. It is my responsibility to form an independent opinion, based on my audit, on those statements and to report my opinion to you.

### Basis of opinion

I certify that I have examined the financial statements referred to above in accordance with the Exchequer and Audit Departments Acts 1866 and 1921 and the National Audit Office auditing standards, which include relevant Auditing Standards issued by the Auditing Practices Board. An audit includes examination, on a test basis, of evidence relevant to the amounts and disclosures in the financial statements. It also includes an assessment of the judgements made by the Accounting Officer in the preparation of the financial statements.

I planned and performed my audit so as to obtain all the information and explanations which I considered necessary in order to provide me with sufficient evidence to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or other irregularity or error. In forming my opinion I also evaluated the overall adequacy of the presentation of information in the financial statements.

### Opinion

In my opinion the sums expended have been applied for the purposes authorised by Parliament and the account properly presents the expenditure and receipts of Class V, Vote 3 for the year ended 31 March 1995.

*John Bourn*  
Comptroller and Auditor General

11 October 1995

National Audit Office  
157-197 Buckingham Palace Road  
Victoria  
London SW1W 9SP



**Class VI—  
Transport**



## **Statement of Accounting Officers' responsibilities with respect to Appropriation Accounts**

Section 22 of the Exchequer and Audit Departments Act 1866 requires all departments to prepare accounts of the appropriation of supply grants comprised in each year's Appropriation Act. The Treasury appoint an Accounting Officer for each Vote and determine the form of the accounts. The accounts are prepared on a cash basis and must properly present the receipts and expenditure for each Vote in the financial year.

The relevant responsibilities of Accounting Officers, including their responsibility for the propriety and regularity of the public finances for which they are answerable, and for the keeping of proper records, are set out in the Accounting Officers' Memorandum, issued by the Treasury and published in "Government Accounting" (HMSO).

## Class VI:

Page	No. of Vote	Service	Estimated Gross Expenditure	Authorised Appropriations in Aid	Supply Grant
			£000	£000	£000
36	1	Highways Agency	2,308,606	165,704	2,142,902
42	2	Department of Transport: administration and transport services	309,074	58,028	251,046
53	3	Transport industries	1,444,895	284	1,444,611
59	4	Driver and Vehicle Licensing Agency	192,188	13,185	179,003
64	5	Roads and local transport	609,455	16,882	592,573
72	6	Privatisation of British Rail	12,000	—	12,000
74	7	Passenger rail services	1,801,459	1,828	1,799,631
79	8	Office of the Rail Regulator	9,566	315	9,251
<b>Total</b>			<b>6,687,243</b>	<b>256,226</b>	<b>6,431,017</b>



**Transport**

Gross Expenditure	Appropriations in Aid applied	Net Expenditure	Gross Expenditure compared with Estimate: Saving or (Excess)	Deficiency of Appropriations in Aid	Amount to be surrendered	Extra Receipts payable to Consolidated Fund	No. of Vote
£000	£000	£000	£000	£000	£000	£000	
2,293,441	165,704	2,127,737	15,165	—	15,165	28,607	1
287,775	56,274	231,501	21,299	1,754	19,545	117,025	2
1,148,214	282	1,147,932	296,681	2	296,679	66,628	3
185,280	13,185	172,095	6,908	—	6,908	85,791	4
599,150	16,291	582,859	10,305	591	9,714	76,687	5
11,911	—	11,911	89	—	89	—	6
1,801,101	1,492	1,799,609	358	336	22	288	7
9,339	313	9,026	227	2	225	84	8
6,336,211	253,541	6,082,670	351,032	2,685		375,110	
Total amount to be surrendered					348,347		
Actual total amount to be surrendered					<u>£348,345,614.18</u>		

## Highways Agency

### See also Report of the Comptroller and Auditor General

**Summary of Outturn** and the **Account** of the sum expended, in the year ended 31 March 1995, compared with the sum granted, for expenditure by the Department of Transport on the construction, improvement and maintenance of motorways and trunk roads, including the acquisition of land, scheme design and preparation, archaeological survey and rescue work, compensation, the purchase of maintenance vehicles and equipment, administration costs of the Highways Agency and research and development in support of Highways Agency operations.

#### Summary of Outturn

Section	Estimated			Actual		
	Gross Expenditure	Appropriations in Aid	Net Expenditure	Gross Expenditure	Appropriations in Aid	Net Expenditure
	£000	£000	£000	£000	£000	£000
<b>National Roads Systems</b>						
A	2,029,328	152,724	1,876,604	2,015,291	165,032	1,850,259
B	193,627	11,650	181,977	192,889	11,096	181,793
C	85,651	1,330	84,321	85,261	1,848	83,413
Total	<u>2,308,606</u>	<u>165,704</u>	<u>2,142,902</u>	<u>2,293,441</u>	<u>177,976</u>	<u>*2,115,465</u>

\*This figure is £12,272,000 less than the net total of expenditure on the Appropriation Account, being the difference between the Appropriations in Aid realised (£177,976,000) and those authorised to be applied (£165,704,000).

**Account**

Service	Grant	Expenditure	Expenditure compared with Grant	
			Less than Granted	More than Granted
	£000	£000	£000	£000
<b>Section A</b>				
<b>National Roads Systems: Capital</b>				
A1 New construction and renewal	2,029,328	2,015,291	14,037	—
<b>Section B</b>				
<b>National Roads Systems: Current</b>				
B1 Maintenance: roads and bridges	181,819	180,606	1,213	—
B2 Research and development	11,808	12,283	—	475
<b>Section C</b>				
<b>Highways Administration</b>				
C1 Running costs	83,582	80,986	2,596	—
C2 Capital expenditure (administration)	2,069	4,275	—	2,206
<b>Gross Total</b>	£000			
Original (revised sum)	2,262,674			
Supplementary	45,689			
Supplementary	<u>243</u>			
	2,308,606	2,293,441	17,846	2,681
<i>Deduct</i>	Estimated	Applied		
	£000	£000		
Z Appropriations in Aid				
Original	164,146			
Supplementary	<u>1,558</u>			
	165,704	165,704		
<b>Net Total</b>				
Original (revised sum)	2,098,528			
Supplementary	44,131			
Supplementary	<u>243</u>			
	2,142,902	2,127,737		Surplus
				<u>15,165</u>

Actual surplus to be surrendered £15,164,924.04

**Explanation of the Causes of Variation between Expenditure and Grant**

C2 Increased expenditure was incurred to bring forward work from the Highways Agency's restructuring project from 1995-96. HM Treasury's agreement has been given to the virement of funds from section A1 to cover the excess.

<b>Receipts</b>	Estimated £000	Realised £000
Receipts payable to the Consolidated Fund		
Receipts of classes authorised to be used as Appropriations in Aid	165,704	177,976
Receipts of other classes	13,087	<u>16,335</u>
Gross Total		194,311
Appropriations in Aid		<u>165,704</u>
Net Total		<u>28,607</u>
Actual sum payable separately to Consolidated Fund		<u>£28,606,751.30</u>
<b>Details of Receipts</b>	Estimated £000	Realised £000
<b>(i) Receipts of classes authorised to be used as Appropriations in Aid</b>		
<b>Subhead AZ</b>		
Sale of land on completion or abandonment of schemes; rents from property and land; disposal of surplus plant and machinery; sale of motorway service area freeholds	29,000	41,367 (a)
Extra contractual claims for defective work	1	—
VAT refunds	85,000	100,172 (b)
Recovery of motorway service area design and build costs	37,223	22,453 (c)
Receipts from Dartford River Crossing Ltd	<u>1,500</u>	<u>1,040</u>
	<u>152,724</u>	<u>165,032</u>
<b>Subhead BZ</b>		
Claims for damage to motorways and trunk roads, administration charges and hire charges for specialized vehicles and equipment	6,960	4,840 (d)
VAT refunds	<u>4,690</u>	<u>6,256 (e)</u>
	<u>11,650</u>	<u>11,096</u>
<b>Subhead CZ</b>		
Recovery of VAT on contracted out services (running costs)	830	1,144
Receipts from recovery of administrative costs and repayment services	357	377
Receipts from sale of information including publications	1	32
Receipts from rental of land, buildings, plant, equipment, vehicles and other capital assets	1	—
Receipts from disposal of land, buildings, plant, equipment, vehicles and other capital assets	1	3
Contributions from developers	<u>140</u>	<u>292</u>
	<u>1,330</u>	<u>1,848</u>
Total	<u>165,704</u>	<u>177,976</u>
<b>(ii) Receipts of other classes</b>		
Surplus rents from property and land	3,600	6,237 (f)
Motorway service areas: disposal receipts and some residual rents	2,936	2,259 (g)
Miscellaneous	<u>2,551</u>	<u>7,839 (h)</u>
Total	<u>9,087</u>	<u>16,335</u>
(a) Despite the static property market land sales were higher than expected.		
(b) The distribution of expenditure differed from that expected resulting in higher VAT recoverable expenditure.		
(c) The M11 Birchanger scheme expected to be completed in 1994–95 has been delayed to 1995–96 and receipts will be received in that year.		
(d) Precise forecasts of these receipts are not possible.		
(e) The distribution of expenditure differed from that expected resulting in higher VAT recoverable expenditure.		
(f) The Agency's property holding is constantly changing and receipts depend on occupancy rates and the number of properties available for letting during the year. Precise forecasts of these receipts are therefore not possible.		
(g) One case expected to be completed in 1994–95 has been delayed to 1995–96 and the receipts will be received in that year.		
(h) Precise forecasts of these receipts are not possible.		

<b>Losses Statement</b>	<b>£000</b>
Total (5,328 cases)	16,804
<i>Details</i>	
Unvouched expenditure – Essex CC – M11 south of Junction 11 1988–89.	1,276
Unvouched expenditure – Suffolk CC – trunk road maintenance 1985–86.	1,150
Unvouched expenditure – Suffolk CC – trunk road maintenance A11, A45 and A40 1983–84.	905
Unvouched expenditure – Bedfordshire CC – A1/A603 Sandy roundabout 1990–91.	817
Unvouched expenditure – LB Hounslow – M4 communications renewal stage 2 1982–86.	776
Unvouched expenditure – LB Hounslow – M4 communications renewal stage 1 1981–85.	730
Unvouched expenditure – Warwickshire CC – A34 Winchester to Preston trunk road, Tidmington diversion 1985–86.	610
Unvouched expenditure – Hertfordshire CC – South Mimms motorway depot 1988–89.	563
Unvouched expenditure – LB Barking and Dagenham – trunk road capital maintenance 1985–86.	519
Unvouched expenditure – LB Hounslow – A4 canal bridge widening 1985–86.	338
Unvouched expenditure – Suffolk CC - A45 Bury – Rougham improvement 1987–88.	328
Unvouched expenditure – Suffolk CC – Seven Hills Interchange to A1093 Junction with A45 1981–82.	299
Unvouched expenditure – LB Barking and Dagenham – trunk road current maintenance 1985–86.	267
Unvouched expenditure – Warwickshire CC - trunk road schemes under £100k 1987–88.	240
Unvouched expenditure – LB Hammersmith and Fulham – bridge maintenance 1990–91.	239
Abandoned claim – S.278 agreement – A1 Galleria/Park Plaza, Hatfield, Hertfordshire – Developer and provider of surety both in receivership.	238
Unvouched expenditure – LB Hammersmith and Fulham – trunk road and motorway maintenance 1990–91.	228
Unvouched expenditure – Essex CC – bridge strengthening 1988–89.	216
Unvouched expenditure – Suffolk CC - A146 Belvedere link road improvement 1987–88.	191
Unvouched expenditure – LB Newham-Beckton road diversion – phase 2 – noise insulation 1986–87.	190
Unvouched expenditure – Hertfordshire CC – M1 Junctions 8–9 lighting 1992–93.	185
Unvouched expenditure – LB Hammersmith and Fulham – bridge maintenance 1989–90.	176
Unvouched expenditure – Warwickshire CC – motorway schemes under £100k 1988–89.	160
Unvouched expenditure – LB Barking and Dagenham – trunk road maintenance 1986–87.	143
Unvouched expenditure – Suffolk CC – 12 minor improvements north of Bascule bridge 1987–88.	117
Unvouched expenditure – Hertfordshire CC – A1 South Mimms roundabout 1992–93.	113

**Notes**

<b>Special payments</b>	£000
Total (92 cases)	844

*Details*

Ex-gratia payment to Surrey County Council to cover costs of essential repairs resulting from failure of M3 Lightwater to Sunbury embankment.	618
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**Other Notes**

Subhead B1. This subhead includes payments also appearing in the Account published separately under the Severn Bridges Act 1992.

Subheads A1 and B1. These subheads include payments of £592 million to local authorities in respect of maintenance and improvements on motorways, trunk roads and bridges which are subject to audit under arrangements made by the Audit Commission by 31 December of the year in which the final work is completed. Future certification of claims for this work could result in adjustments to the figures, the amounts of which cannot be estimated from the Agency's records without disproportionate effort. A backlog of unaudited expenditure of £199 million relating to 1984-85 to 1993-94 also exists, which should have been audited by 31 December 1994 or before. Certification of these claims could also result in adjustments to subheads A1 and B1 in future years. This backlog comprises claims for £44 million yet to be submitted by agent authorities, claims for £8 million with the Agency and claims for £147 million with agent authority auditors for certification.

A40 Long Lane Junction-Hillingdon Underground Station. Road improvements to this Junction resulted in the demolition and reconstruction of Hillingdon Underground Station. The Department of Transport reached an agreement with London Underground Limited (LUL) on the construction of the new station, but the costs of the scheme are higher than the Agency anticipated. Further payments to LUL have been suspended whilst investigations take place. We expect these investigations to be completed by the end of 1995-96. A total of £14.736 million has been paid by the Agency in relation to this scheme, of which £868k was paid in 1994-95. The Agency is not aware of similar problems on other schemes.

*Lawrie Haynes*  
Accounting Officer

19 September 1995

## The Certificate of the Comptroller and Auditor General to the House of Commons

I have audited the financial statements on pages 36 to 40 which have been prepared in accordance with the requirements of Government Accounting and other Treasury directions.

### Respective responsibilities of the Accounting Officer and Auditors

As described on page 33 the Accounting Officer is responsible for the preparation of financial statements. It is my responsibility to form an independent opinion, based on my audit, on those statements and to report my opinion to you.

### Basis of opinion

I certify that I have examined the financial statements referred to above in accordance with the Exchequer and Audit Departments Acts 1866 and 1921 and the National Audit Office auditing standards, which include relevant Auditing Standards issued by the Auditing Practices Board except that the scope of my work was limited as explained below.

An audit includes examination, on a test basis, of evidence relevant to the amounts and disclosures in the financial statements. It also includes an assessment of the judgements made by the Accounting Officer in the preparation of the financial statements.

I planned and performed my audit so as to obtain all the information and explanations which I considered necessary in order to provide me with sufficient evidence to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or other irregularity or error. However, the evidence available to confirm the charge of £592 million of expenditure on trunk roads and motorways by the Highways Agency's agent authorities in 1994-95 is limited because £186 million of expenditure in respect of 1993-94 and prior years had not been subject to certification by agent authorities' auditors. The certification of these claims may have resulted in adjustments to subheads A1 and B1, the amounts of which cannot be estimated from the Highways Agency's records without disproportionate effort.

In forming my opinion I also evaluated the overall adequacy of the presentation of information in the financial statements.

### Qualified opinion arising from limitation in audit scope

Except for any adjustments that might have been found to be necessary had I been able to obtain sufficient evidence concerning the expenditure on motorway and trunk road maintenance, in my opinion the sums expended have been applied for the purposes authorised by Parliament and the account properly presents the expenditure and receipts of Class VI, Vote 1 for the year ended 31 March 1995.

In respect alone of the limitation on my work relating to uncertified expenditure on motorway and trunk road maintenance, I have not obtained all the information and explanations that I considered necessary for the purpose of my audit to certify that the sums expended have properly presented the expenditure on motorway and trunk road maintenance.

Details of this matter are set out in paragraphs 19 to 30 of my report.

*John Bourn*  
Comptroller and Auditor General

5 January 1996

National Audit Office  
157-197 Buckingham Palace Road  
Victoria  
London SW1W 9SP

## Department of Transport: Administration and Transport Services

**Summary of Outturn** and the **Account** of the sum expended, in the year ended 31 March 1995, compared with the sum granted, for expenditure by the Department of Transport on central administration and miscellaneous services; shipping services; civil aviation services; the Marine Safety, Coastguard, Transport Research Laboratory and Vehicle Certification Agencies; grants for freight and travel concessions; and certain other transport services including inland transport research and development (excluding highways); civil defence; transport security; residual expenses associated with the privatisation of transport industries and expenses associated with the sale of the Trust Ports, Transport Research Laboratory Agency, DVOIT and London Buses Limited subsidiaries.

### Summary of Outturn

Section	Estimated			Actual		
	Gross Expenditure	Appropriations in Aid	Net Expenditure	Gross Expenditure	Appropriations in Aid	Net Expenditure
	£000	£000	£000	£000	£000	£000
<b>Central Administration and Miscellaneous Services</b>						
A	142,046	7,842	134,204	128,718	7,025	121,693
<b>Shipping Services</b>						
B	978	1,262	(284)	1,153	1,222	(69)
<b>Civil Aviation Services</b>						
C	39,641	35,399	4,242	38,227	33,073	5,154
<b>Transport Security</b>						
D	4,337	—	4,337	4,084	—	4,084
<b>Civil Defence</b>						
E	145	1	144	134	2	132
<b>Freight Grants</b>						
F	4,419	—	4,419	2,803	—	2,803
<b>National Freight Company Travel Concessions</b>						
G	2,677	—	2,677	2,782	—	2,782
<b>Vehicle Certification Agency</b>						
H	2,991	3,160	(169)	2,714	2,964	(250)
<b>The Coastguard Agency</b>						
I	52,150	334	51,816	52,780	739	52,041
<b>Marine Safety Agency</b>						
J	31,520	3,505	28,015	31,249	4,052	27,197
<b>Research and Development</b>						
K	20,763	25	20,738	18,777	187	18,590
<b>Transport Research Laboratory Agency</b>						
L	4,942	6,050	(1,108)	3,390	7,010	(3,620)



**Summary of Outturn** *continued*

Section	Estimated			Actual		
	Gross Expenditure	Appropriations in Aid	Net Expenditure	Gross Expenditure	Appropriations in Aid	Net Expenditure
	£000	£000	£000	£000	£000	£000
<b>Sale of London Buses Limited Subsidiaries</b>						
M	400	—	400	331	—	331
<b>Other expenditure not included in the control total:</b>						
<b>Privatisation Programme</b>						
N	2,065	450	1,615	633	—	633
<b>Total</b>	<u>309,074</u>	<u>58,028</u>	<u>*251,046</u>	<u>287,775</u>	<u>56,274</u>	<u>231,501</u>

\*The cash limit on this Vote was subsequently reduced to £249,312,000.00

**Account**

Service	Grant	Expenditure	Expenditure compared with Grant	
			Less than Granted	More than Granted
	£000	£000	£000	£000
<b>Section A</b>				
<b>Central Administration and Miscellaneous Services</b>				
A1 Running costs	122,090	102,942	19,148	—
A2 Capital expenditure (administration)	10,763	16,891	—	6,128
A3 Current expenditure (administration)	3,216	2,603	613	—
A4 Miscellaneous services	5,977	6,282	—	305
<b>Section B</b>				
<b>Shipping Services</b>				
B1 Shipping services: current expenditure	878	1,031	—	153
B2 Shipping services: capital expenditure	100	122	—	22
<b>Section C</b>				
<b>Civil Aviation Services</b>				
C1 Civil aviation services: current expenditure	9,142	7,016	2,126	—
C2 Civil aviation services: capital expenditure	229	165	64	—
C3 Subscriptions to international organisations and expenses	30,270	31,046	—	776
<b>Section D</b>				
<b>Transport Security</b>				
D1 Transport security and related expenditure	4,337	4,084	253	—
<b>Section E</b>				
<b>Civil Defence</b>				
E1 Civil defence and related expenditure: capital expenditure	110	123	—	13
E2 Civil defence and related expenditure: current expenditure	35	11	24	—

**Explanation** of the causes of variation between expenditure and grant

A1 Lower than expected call on centrally held funds, as HQ relocation costs and Transport Research Laboratory severance costs were able to be met from within the original budget allocations to line divisions.

A2 Capital expenditure requirements arising from HQ relocation costs were not fully reflected in the provision, following a Treasury ruling in January 1994 that resources be found from within existing baselines.

A3 The provision included a reserve for contingencies including a possible requirement to meet outstanding compensation claims arising from employees injured at work, but in the event no claims were made on the reserve in 1994-95.

C1 Fewer than anticipated search and rescue missions and slippage in some other programmes including noise emission research and virement of funds to the International Civil Aviation Organisation subscription's subhead. Also, Air Accident Investigations Branch used an outside contractor to undertake certain research to reduce costs.

*Account continued*

Service	Grant	Expenditure	Expenditure compared with Grant	
			Less than Granted	More than Granted
	£000	£000	£000	£000
<b>Section F</b>				
<b>Freight grants</b>				
F1 Freight facilities grants	3,347	2,803	544	—
F2 Track access grants	1,072	—	1,072	—
<b>Section G</b>				
<b>National Freight Company Travel Concessions</b>				
G1 Travel concessions grant	2,677	2,782	—	105
<b>Section H</b>				
<b>Vehicle Certification Agency (net control area)</b>				
H1 Running costs	2,829	2,650	179	—
H2 Current expenditure	66	2	64	—
H3 Capital expenditure	96	62	34	—
<b>Section I</b>				
<b>The Coastguard Agency</b>				
I1 Running costs	24,858	24,534	324	—
I2 Current expenditure	21,628	21,808	—	180
I3 Capital expenditure	5,664	6,438	—	774
<b>Section J</b>				
<b>Marine Safety Agency</b>				
J1 Running costs	14,807	14,170	637	—
J2 Current expenditure	15,908	16,338	—	430
J3 Capital expenditure	805	741	64	—
<b>Section K</b>				
<b>Research and Development</b>				
K1 Payments to Transport Research Laboratory Agency and other bodies for research services	20,763	18,777	1,986	—

**Explanation** of the causes of variation between expenditure and grant

F1 Significant slippage on on-going projects, coupled with fewer than anticipated new grant applications.

F2 The estimated sum was based on expectations of contracts being renewed in 1994-95. In the event, short term renewals occurred just prior to 1 April 1994 when the scheme was introduced. Grants could not be considered until these contracts had expired.

I3 Unforeseen expenditure on improvements and refurbishment of older coastguard houses to bring them into line with new Health and Safety guidelines. Also implementation of essential repairs following storm damage.

*Account continued*

Service	Grant	Expenditure	Expenditure compared with Grant	
			Less than Granted	More than Granted
	£000	£000	£000	£000
Section L				
<b>Transport Research Laboratory Agency (net control area)</b>				
L1 Running costs (net)	3,400	3,331	69	—
L2 Current expenditure (net)	(1,350)	(3,027)	1,677	—
L3 Capital expenditure	2,892	3,086	—	194
Section M				
<b>Sale of London Buses Limited Subsidiaries</b>				
M1 Sale of London Buses Limited subsidiaries	400	331	69	—
Section N				
<b>Privatisation Programme</b>				
N1 Sale of the Trust Ports	1,000	—	1,000	—
N2 Residual expenses	50	30	20	—
N3 Sale of DVOIT	15	17	—	2
N4 Sale of Transport Research Laboratory Agency	1,000	586	414	—

**Explanation** of the causes of variation between expenditure and grant

L2 Costs of research services, including rates and other accommodation costs, were less than originally foreseen. Also a higher level of fee earning activity took place than was anticipated at the time of determining charges to customers.

N1 No expenditure on consultants was required, because an expected announcement on sale of the Trust Ports was not forthcoming in 1994–95.

*Account continued*

Service	Grant	Expenditure	Expenditure compared with Grant	
			Less than Granted	More than Granted
	£000	£000	£000	£000
<b>Gross Total</b>				
Original	£000			
Supplementary	292,238			
Supplementary	1,015			
Supplementary	15,620			
Supplementary	<u>201</u>			
	309,074	287,775	30,381	9,082
			Surplus of Gross Estimate over Expenditure <u>21,299</u>	
<i>Deduct</i>	Estimated £000	Realised £000		
Z Appropriations in Aid				
Original	57,828			
Supplementary	<u>200</u>			
	58,028	56,274		
			Deficiency of Appropriations in Aid realised <u>1,754</u>	
<b>Net Total</b>				
Original	234,410			
Supplementary	1,015			
Supplementary	15,620			
Supplementary	<u>1</u>			
	251,046	231,501		
			Net Surplus <u>19,545</u>	

Actual surplus to be surrendered £19,545,039.25

<b>Receipts</b>	Estimated £000	Realised £000
Receipts payable to the Consolidated Fund		
Receipts of classes not authorised to be used as Appropriations in Aid	<u>125,790</u>	<u>117,025</u>
Actual sum payable separately to the Consolidated Fund		<u>£117,025,156.52</u>
<b>Details of Receipts</b>	Estimated £000	Realised £000
(i) Receipts of classes authorised to be used as Appropriations in Aid		
<b>Subhead AZ</b>		
Recoveries of VAT on contracted out services (running costs)	1,754	2,144
Receipts from recovery of administrative costs, repayment services and sale of information, including publications	5,716	4,194 (a)
Receipts from rental of land, buildings, plant, equipment, vehicles and other capital assets	27	—
Receipts from disposal of land, buildings, plant, equipment, vehicles and other capital assets	1	544 (b)
Recoveries in respect of Mersey Conservancy and unsecured creditors' sums arising from liquidations under the Dock Work Act 1989	<u>344</u>	<u>143</u>
	<u>7,842</u>	<u>7,025</u>
<b>Subhead BZ</b>		
Receipts in respect of the International Maritime Organisation building and from shipping services	1,262	1,222
<b>Subhead CZ</b>		
Receipts Eurocontrol, sale of civil aviation items and recoveries of costs of civil aviation services	35,399	33,073
<b>Subhead EZ</b>		
Hire of equipment	1	2
<b>Subhead HZ</b>		
Recoveries of VAT on contracted out services (running costs)	15	23
Other receipts offsetting gross running costs (H1)	2,814	2,627
Receipts not offsetting gross running costs	<u>331</u>	<u>314</u>
	<u>3,160</u>	<u>2,964</u>
<b>Subhead IZ</b>		
Recoveries of VAT on contracted out services (running costs)	1	99
Receipts from recovery of administrative costs, repayment services and sale of information, including publications	28	16
Fees and receipts for marine emergency services	<u>305</u>	<u>624</u>
	<u>334</u>	<u>739</u>

<b>Details of Receipts</b> <i>continued</i>	Estimated £000	Realised £000
<b>Subhead JZ</b>		
Recoveries of VAT on contracted out services (running costs)	2	56
Receipts from recovery of administrative costs, repayment services and sale of information, including publications	3,425	46 (c)
Fees and receipts for marine safety services including Classification Society Surveyors	<u>78</u>	<u>3,950 (d)</u>
	<u>3,505</u>	<u>4,052</u>
<b>Subhead KZ</b>		
Refunds of VAT on contracted out services	25	187
<b>Subhead LZ</b>		
Receipts for research commissioned by other government departments and the private sector, and VAT refunds		
Receipts offsetting gross running costs	3,400	3,331
Receipts not offsetting gross running costs	2,400	3,396 (e)
Receipts from the European Communities (Classified as programme 2.7 [contributions to EC etc])	<u>250</u>	<u>283</u>
	<u>6,050</u>	<u>7,010</u>
<b>Subhead NZ</b>		
Receipt of mortgage charges resulting from sale of former National Bus Company properties	400	—
Receipts from the levy on the sale of the Trust Ports	<u>50</u>	<u>—</u>
	<u>450</u>	<u>—</u>
<b>Total</b>	<u>58,028</u>	<u>56,274</u>
 (ii) Receipts of other classes		
Miscellaneous shipping receipts	1	7
Fishing vessel registration services	300	660
Receipts from the levy on the sale of the Trust Ports	1	9
Receipts arising from privatisation of the National Bus Company	1,000	33 (f)
Receipts from Channel Tunnel concessionaires in respect of the Intergovernmental Commission and Safety Authority	1,050	1,088
Repayment of grant by Port of London Authority	11,400	4,968 (g)
Receipts arising from the privatisation of DVOIT	1	4
Miscellaneous receipts	1	876 (h)
Contribution from BAA plc towards the settlement cost of the UK/US airport user charges dispute	9,836	9,836
Receipts arising from the sale of the London Bus Companies	<u>102,200</u>	<u>99,544</u>
<b>Total</b>	<u>125,790</u>	<u>117,025</u>

- (a) The provision anticipated continued to assume forecast recoveries at a broadly comparable level to 1993-94 receipts but these did not materialise, notably London Transport levies.
- (b) Unexpected finalisation of prolonged negotiations for the sale of Llandow airfield led to completion of the sale in 1994-95.
- (c&d) Due to administrative error the provisions in the Estimates for these sub-items were transposed. Fees and receipts for marine safety services including Classification Society Surveyors were nevertheless higher than anticipated due to an increase in survey workload.
- (e) Increase is due to a larger than expected demand for TRL services from private sector clients.
- (f) Delay in the sale of a former National Bus Company property at Catford and the withdrawal from sale of a second at Amersham.
- (g) Provision based on planned disposal programme for sale of Port of London properties drawn up in 1993. However, because of the current unpredictability of the property market, it only proved possible to realise one of the four sales envisaged in the plan.
- (h) Sale of rescinded BAA shares and surrender of balance in BACS account not accounted for in previous years.

**Losses Statement**

£000

Total (102 cases)

157

**Details of Expenditure**

Subhead A4(2)	Estimated	Actual	Saving	Excess
	£000	£000	£000	£000
<b>International Subscriptions</b>				
(1) Organisation for Economic Co-operation and Development				
UK share of expenses of the European Conference of Ministers of Transport	408	407	1	—
(2) International Railways Conventions	211	206	5	—
(3) Other organisations				
International Railway Congress Association	1	1	—	—
Permanent International Association of Road Congresses	3	—	3	—
International Union of Public Transport	0	1	—	1
<b>Net Total</b>	623	615	9	1
			Surplus of Gross Estimate over Expenditure	
			8	
		Actual	<u>£7,589.91</u>	

Subhead C3	Estimated	Actual	Saving	Excess
	£000	£000	£000	£000
<b>Subscriptions to international organisations and expenses</b>				
(1) Eurocontrol	28,454	29,173	—	719
(2) International Civil Aviation Organisation	1,816	1,873	—	57
<b>Net Total</b>	30,270	31,046	—	776
			Excess of Expenditure over Estimate	
			776	
		Actual	<u>£776,205.19</u>	



**Details of Expenditure** *continued*

**Transport Research Laboratory Agency (net control area)**

Subhead L1	Estimated	Actual	Saving	Excess
	£000	£000	£000	£000
(1) Running costs	17,000	16,225	775	—
<i>Less</i>				
(2) Receipts from DOT (Section K and Class VI, Votes 1 and 5, Sections B and C respectively) offsetting gross running costs	13,600	12,894	—	706
<b>Net Total</b>	3,400	3,331	775	706
		Net Saving	<u>69</u>	

Subhead L2	Estimated	Actual	Saving	Excess
	£000	£000	£000	£000
(1) Current expenditure	9,550	10,117	—	567
<i>Less</i>				
(2) Receipts from DOT (Section K and Class VI, Votes 1 and 5, Sections B and C respectively) not offsetting gross running costs	10,900	13,144	2,244	—
<b>Net Total</b>	(1,350)	(3,027)	2,244	567
		Net Saving	<u>1,677</u>	

A. P. Brown  
Accounting Officer

9 November 1995

## The Certificate of the Comptroller and Auditor General to the House of Commons

I have audited the financial statements on pages 42 to 51 which have been prepared in accordance with the requirements of Government Accounting and other Treasury directions.

### Respective responsibilities of the Accounting Officer and Auditors

As described on page 33 the Accounting Officer is responsible for the preparation of financial statements. It is my responsibility to form an independent opinion, based on my audit, of those statements and to report my opinion to you.

### Basis of opinion

I certify that I have examined the financial statements referred to above in accordance with the Exchequer and Audit Departments Acts 1866 and 1921 and the National Audit Office auditing standards, which include relevant Auditing Standards issued by the Auditing Practices Board. An audit includes examination, on a test basis, of evidence relevant to the amounts and disclosures in the financial statements. It also includes an assessment of the judgements made by the Accounting Officer in the preparation of the financial statements.

I planned and performed my audit so as to obtain all the information and explanations which I considered necessary in order to provide me with sufficient evidence to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or other irregularity or error. In forming my opinion I also evaluated the overall adequacy of the presentation of information in the financial statements.

### Opinion

In my opinion the sums expended have been applied for the purposes authorised by Parliament and the account properly presents the expenditure and receipts of Class VI, Vote 2 for the year ended 31 March 1995.

*John Bourn*  
Comptroller and Auditor General

14 November 1995

National Audit Office  
157-197 Buckingham Palace Road  
Victoria  
London SW1W 9SP

## Transport Industries

**Summary of Outturn** and the **Account** of the sum expended, in the year ended 31 March 1995, compared with the sum granted, for expenditure by the Department of Transport on support to Nationalised Transport industries, grants to European Passenger Services, capital expenditure by transport industries funded by EC grants, National Freight Company pension funds, rebate of fuel duty to bus operators, loans to the Vehicle Inspectorate and costs of driver testing and training.

### Summary of Outturn

Section	Estimated			Actual		
	Gross Expenditure	Appropriations in Aid	Net Expenditure	Gross Expenditure	Appropriations in Aid	Net Expenditure
	£000	£000	£000	£000	£000	£000
<b>Railway Industry Pension Funds</b>						
A	45,425	282	45,143	45,694	282	45,412
<b>Royal Travel and Railway Grant Audits</b>						
B	2,360	—	2,360	2,530	—	2,530
<b>National Freight Company Pension Funds</b>						
C	6,553	—	6,553	6,601	—	6,601
<b>Capital Expenditure by Transport Industries Funded by EC Grants</b>						
D	1	—	1	—	—	—
<b>Vehicle Inspectorate (Trading Fund)</b>						
E	3	2	1	—	—	—
<b>British Rail</b>						
F	3,057	—	3,057	2,932	—	2,932
<b>Railtrack</b>						
G	32,175	—	32,175	32,175	—	32,175
<b>London Transport</b>						
H	900,000	—	900,000	785,880	—	785,880
<b>Other Expenditure Not Included in the Control Total</b>						
I	275,500	—	275,500	272,402	—	272,402
<b>European Passenger Services</b>						
J	179,821	—	179,821	—	—	—
Total	<u>1,444,895</u>	<u>284</u>	<u>1,444,611</u>	<u>1,148,214</u>	<u>282</u>	<u>1,147,932</u>

## Account

Service	Grant	Expenditure	Expenditure compared with Grant	
			Less than Granted	More than Granted
	£000	£000	£000	£000
Section A				
<b>Railway Industry Pension Funds</b>				
A1 Pension funding payments	45,425	45,694	—	269
Section B				
<b>Royal Travel and Railway Grant Audits</b>				
B1 Royal travel: current expenditure	2,300	2,469	—	169
B2 Auditing of Government grants	60	61	—	1
Section C				
<b>National Freight Company Pension Funds</b>				
C1 Pension funding payments	6,553	6,601	—	48
Section D				
<b>Capital Expenditure by Transport Industries funded by EC grants</b>				
D1 Agency payments on behalf of the European Community (net)	1	—	1	—
Section E				
<b>Vehicle Inspectorate (Trading Fund)</b>				
<b>External Finance (loans)</b>				
E1 Loans to the Vehicle Inspectorate	3	—	3	—
Section F				
<b>British Rail</b>				
F1 Grants for level crossings and other railway crossings	3,057	2,932	125	—
Section G				
<b>Railtrack</b>				
G1 Grants for level crossings and other railway crossings	32,175	32,175	—	—

*Account continued*

Service	Grant	Expenditure	Expenditure compared with Grant	
			Less than Granted	More than Granted
	£000	£000	£000	£000
<b>Section H</b>				
<b>London Transport</b>				
H1 Public passenger transport grants	900,000	785,880	114,120	—
<b>Section I</b>				
<b>Other Expenditure Not Included in the Control Total</b>				
I1 Bus fuel duty rebates	225,000	223,644	1,356	—
I2 Expenditure on Driving Standards Agency: current expenditure	50,500	48,758	1,742	—
<b>Section J</b>				
<b>European Passenger Services</b>				
J1 Grants to European Passenger Services	179,821	—	179,821	—
<b>Gross Total</b>				
Original	1,277,136			
Supplementary	167,476			
Supplementary	<u>283</u>			
	1,444,895	1,148,214	297,168	487
			Surplus of Gross Estimate over Expenditure <u>296,681</u>	
<i>Deduct</i>				
Z Appropriations in Aid		Estimated £000	Realised £000	
Original	2			Deficiency of Appropriations in Aid realised
Supplementary	<u>282</u>			<u>2</u>
		284	282	
<b>Net Total</b>				
Original	1,277,134			
Supplementary	167,476			
Supplementary	<u>1</u>			
	1,444,611	1,147,932	Net Surplus <u>296,679</u>	

Actual surplus to be surrendered £296,678,518.03

**Explanation** of the causes of variation between expenditure and grant

H1 Slower progress on Jubilee Line extension due to review of new Austrian tunnelling method and re-scheduling of some purchasing on Crossrail project.

J1 Delay in receiving European Union clearance for grant payments.

<b>Receipts</b>	Estimated £000	Realised £000
Receipts payable to the Consolidated Fund		
Receipts of classes not authorised to be used as Appropriations in Aid	<u>62,092</u>	<u>66,628</u>
Actual sum payable separately to the Consolidated Fund		<u>£66,627,645.22</u>
<b>Details of Receipts</b>	Estimated £000	Realised £000
(i) Receipts of classes authorised to be used as Appropriations in Aid		
<b>Subhead AZ</b>		
Recoveries of VAT on contracted out services	282	282
<b>Subhead EZ</b>		
Repayments of deemed and voted loans made to the Vehicle Inspectorate		
Long term loans	1	—
Short term loans	<u>1</u>	<u>—</u>
	<u>2</u>	<u>—</u>
	<u>284</u>	<u>282</u>
(ii) Receipts of other classes		
Testing of heavy goods vehicle and public service vehicle drivers	4,203	4,717 (a)
Testing of motor car drivers and motorcyclists	45,538	47,781
Testing of approved driving instructors including registration	3,834	3,459
Miscellaneous receipts	1,055	1,121
Royalty payments received by Driving Standards Agency for publications	250	254
Interest on loans to the Vehicle Inspectorate	1,480	1,478
Dividends paid by Vehicle Inspectorate on public dividend capital	252	1,912 (b)
Receipts from railway operator license fees	<u>5,480</u>	<u>5,906</u>
Total	<u>62,092</u>	<u>66,628</u>
(a) Testing volumes higher than expected		
(b) Due to receipt of dividend payments in relation to previous years. This follows an agreement that VI should pay, in interest and dividends together, a full 6% rate of return on capital employed since it became a Trading Fund in 1991.		

<b>Losses Statement</b>	£000
Total (70 cases)	193

**Notes**

<b>Special Payments</b>	£000
Total (8140 cases)	142

**Details of Expenditure**

Subhead D1	Estimated	Actual	Saving	Excess
	£000	£000	£000	£000
<b>Agency payments on behalf of the European Community</b>				
Payments to Railtrack, BR and Union Railways for approved infrastructure projects	12,800	16,808	—	4,008
Payments to harbour authorities for approved infrastructure projects	7,022	10,014	—	2,992
Payments to the Civil Aviation Authority for approved projects	600	—	600	—
<b>Total Expenditure</b>	<b>20,422</b>	<b>26,822</b>	<b>600</b>	<b>7,000</b>
<i>Less</i>				
Receipts from the European Regional Development Fund	14,021	16,330	—	2,309
Receipts of Transport Infrastructure Grant from the EC	6,400	10,492	—	4,092
<b>Net Total</b>	<b>1</b>	<b>0</b>	<b>600</b>	<b>599</b>
			Net Saving	<u>1</u>

**Explanation** of the Cause of Variation between Estimated and Actual Expenditure.

Subhead D1. Realistic forecasts are not possible for these services.

**Other Notes**

Subheads A1 and C1. Payments in the year of account are subject to adjustments in later years when certificates of entitlement become available from the auditors of the pension funds.

Subheads F1 and G1, Level Crossing Grant payments are subject to adjustment in later years when full claims are received and audited. The payment under subhead F1 related entirely to adjustments required to the grant sums paid to British Rail for 1993-94.

A. P. Brown  
Accounting Officer

15 November 1995

## The Certificate of the Comptroller and Auditor General to the House of Commons

I have audited the financial statements on pages 53 to 57 which have been prepared in accordance with the requirements of Government Accounting and other Treasury directions.

### Respective responsibilities of the Accounting Officer and Auditors

As described on page 33 the Accounting Officer is responsible for the preparation of financial statements. It is my responsibility to form an independent opinion, based on my audit, on those statements and to report my opinion to you.

### Basis of opinion

I certify that I have examined the financial statements referred to above in accordance with the Exchequer and Audit Departments Acts 1866 and 1921 and the National Audit Office auditing standards, which include relevant Auditing Standards issued by the Auditing Practices Board. An audit includes examination, on a test basis, of evidence relevant to the amounts and disclosures in the financial statements. It also includes an assessment of the judgements made by the Accounting Officer in the preparation of the financial statements.

I planned and performed my audit so as to obtain all the information and explanations which I considered necessary in order to provide me with sufficient evidence to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or other irregularity or error. In forming my opinion I also evaluated the overall adequacy of the presentation of information in the financial statements.

### Opinion

In my opinion the sums expended have been applied for the purposes authorised by Parliament and the account properly presents the expenditure and receipts of Class VI, Vote 3 for the year ended 31 March 1995.

*John Bourn*  
Comptroller and Auditor General

17 November 1995

National Audit Office  
157-197 Buckingham Palace Road  
Victoria  
London SW1W 9SP



## Driver and Vehicle Licensing Agency

### See also Report of the Comptroller and Auditor General

**Summary of Outturn** and the **Account** of the sum expended, in the year ended 31 March 1995, compared with the sum granted, for expenditure by the Department of Transport in connection with driver and vehicle registration and licensing, the collection of revenue, compensation and payments towards the pension of Local Authority staff employed on driver and vehicle licensing before the setting up of DVLC; and the development and operation of other registration and licensing systems and the provision of miscellaneous services to other parts of the Department.

### Summary of Outturn

Section	Estimated			Actual		
	Gross Expenditure	Appropriations in Aid	Net Expenditure	Gross Expenditure	Appropriations in Aid	Net Expenditure
	£000	£000	£000	£000	£000	£000
<b>Driver and Vehicle Licensing Agency</b>						
A	190,152	13,185	176,967	183,428	15,558	167,870
<b>Pre-DVLC Pensions</b>						
B	2,036	—	2,036	1,852	—	1,852
Total	<u>192,188</u>	<u>13,185</u>	<u>*179,003</u>	<u>185,280</u>	<u>15,558</u>	<u>**169,722</u>

\*The original cash limit on this vote was subsequently reduced to £175,003,000.

\*\*This figure is £2,373,000 less than the net total of expenditure in the appropriation account, being the difference between the appropriations in aid realised (£15,558,000) and those authorised to be applied (£13,185,000).

**Account**

Service	Grant	Expenditure	Expenditure compared with Grant	
			Less than Granted	More than Granted
	£000	£000	£000	£000
<b>Section A</b>				
<b>Driver and Vehicle Licensing Agency</b>				
A1 Running costs	176,993	171,453	5,540	—
A2 Other current expenditure	7,353	6,836	517	—
A3 Compensation involving ex LTO officers	229	196	33	—
A4 Capital expenditure	5,577	4,943	634	—
<b>Section B</b>				
<b>Pre-DVLC Pensions</b>				
B1 Current grants to local authorities	2,036	1,852	184	—
<b>Gross Total</b>	£000			
Original	<u>192,188</u>			
	192,188	185,280	6,908	—
<i>Deduct</i>	Estimated	Applied		
Appropriations in Aid	£000	£000		
Original	<u>13,185</u>			
	13,185	13,185		
<b>Net Total</b>				
Original	<u>179,003</u>			
	179,003	172,095		
			Net Surplus	
			<u>6,908</u>	

Actual surplus to be surrendered £6,907,833.02

**Explanation** of the causes of variation between expenditure and grant

A4 As part of the overall reduction in the Agency's cash limit, the capital expenditure planned was reduced by £1 million to £4,577,000 due to late running on certain projects. The expenditure shown therefore exceeds the reduced figure on this subhead. The excess of £366,000 was caused by earlier than expected delivery of office equipment and was covered by underspend on subhead A2.

Dr S J Ford  
Accounting Officer

9 August 1995

<b>Receipts</b>	Estimated £000	Realised £000
Receipts payable to Consolidated Fund		
(i) Receipts of classes authorised to be used as Appropriations in Aid	13,185	15,558
(ii) Receipts of other classes	<u>78,764</u>	<u>83,418</u>
Gross Total	91,949	98,976
Appropriated in Aid		<u>13,185</u>
Net Total		<u>85,791</u>
Actual sum payable separately to Consolidated Fund		<u>£85,790,967.18</u>
<b>Details of Receipts</b>	Estimated £000	Realised £000
(i) Receipts of classes authorised to be used as Appropriations in Aid		
<b>Subhead AZ</b>		
Fees for duplicate licences and fee paying enquiries	5,200	6,673 (a)
Fees for retention of cherished marks	1,731	1,292
Awards of court costs	2,500	3,064 (b)
Receipts from the sale of vehicle information	375	287
Administration receipts arising from the operation of driver and vehicle licensing	210	535
Refunds of VAT on contracted out services (running costs)	2,504	2,908
Fees from the extension of the registration mark assignment period	116	240
Receipts from the sale of highway code booklets	452	440
Youth Training Scheme grants	45	25
Refunds of VAT on sale of marks business	<u>52</u>	<u>94</u>
Total	<u>13,185</u>	<u>15,558</u>
(ii) Receipts of other classes		
Mitigated penalties for vehicle licence offences, etc.	13,000	12,999
Interest from Post Office, arising from the vehicle licence stamp scheme, etc.	500	960
Miscellaneous receipts	20	212
Receipts from the sale of cherished registration marks	20,000	23,752 (c)
Driving licence and vocational licence fees	31,000	26,253 (d)
Receipts for the provision of accommodation and services to EDS Scicon	825	1,143
Fees for the transfer of cherished registration marks	8,419	13,420 (e)
Fees for the assignment of registration marks	<u>5,000</u>	<u>4,679</u>
Total	<u>78,764</u>	<u>83,418</u>
(a) Higher than expected duplicate driving licence applications		
(b) Increased court costs awarded on prosecution work.		
(c) Change of contractor introduced variable pricing policy which realised higher than forecast receipts		
(d) Significant drop in vocational licence applications against forecast.		
(e) Higher than forecast cherished transfers realised significantly increased receipts.		

<b>Losses Statement</b>	£000
Total (96,581 cases)	6,032

*Details*

Mitigated Penalties offered in lieu of prosecution for Vehicle Excise Duty evasion were waived mainly owing to notices unable to be served, out of time court cases and liquidation etc. (88,010 cases) 5,936

**Gifts**

To encourage improved customer service in local offices, small sums of money amounting to £1,000 in total have been donated to charities chosen by staff who have won the "Vehicle Registration Office of the Year" award.

**Other Notes**

- (i) Expenditure attributable to Northern Ireland is collected from their share of all U.K. taxes under regulations made under Section 15(3) of the Northern Ireland Constitution Act 1973.
- (ii) Subhead A1. The Agency makes advances and adjusting payments to Post Office Counters Ltd under a continuing contract for vehicle relicensing and associated services.
- (iii) Subhead A3. The Agency has made monthly compensation payments to some 500 ex-local government licensing officers under the Vehicle and Driving Licences (compensation to officers) Regulations 1977. An initial internal review in 1993-94 of compensation claims highlighted overpayments estimated at up to £210,000 over 15 years from incorrect interpretation of the Regulations. This amount was noted in 1993-94. A thorough review during 1994-95 has revealed the actual overpayment to be £66,000.
- (iv) Subhead B1. Advances are made to Local Authorities in respect of payments towards the pensions of staff formerly employed on driver and vehicle licensing. This is a continuing liability. These advances are charged to the subhead at the time of issue and adjustments made once final claims are received.

*Dr S J Ford*  
Accounting Officer

9 August 1995

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## The Certificate of the Comptroller and Auditor General to the House of Commons

I have audited the financial statements on pages 59 to 62 which have been prepared in accordance with the requirements of Government Accounting and other Treasury directions.

### Respective responsibilities of the Accounting Officer and Auditors

As described on page 33 the Accounting Officer is responsible for the preparation of financial statements. It is my responsibility to form an independent opinion, based on my audit, on those statements and to report my opinion to you.

### Basis of opinion

I certify that I have examined the financial statements referred to above in accordance with the Exchequer and Audit Departments Acts 1866 and 1921 and the National Audit Office auditing standards, which include relevant Auditing Standards issued by the Auditing Practices Board. An audit includes examination, on a test basis, of evidence relevant to the amounts and disclosures in the financial statements. It also includes an assessment of the judgements made by the Accounting Officer in the preparation of the financial statements.

I planned and performed my audit so as to obtain all the information and explanations which I considered necessary in order to provide me with sufficient evidence to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or other irregularity or error. In forming my opinion I also evaluated the overall adequacy of the presentation of information in the financial statements.

### Opinion

In my opinion the sums expended have been applied for the purposes authorised by Parliament and the account properly presents the expenditure and receipts of Class VI, Vote 4 for the year ended 31 March 1995.

*John Bourn*  
Comptroller and Auditor General

11 September 1995

National Audit Office  
157-197 Buckingham Palace Road  
Victoria  
London SW1W 9SP

## Roads and Local Transport

**Summary of Outturn**, and the **Account** of the sum expended, in the year ended 31 March 1995, compared with the sum granted, for expenditure by the Department of Transport on transport supplementary grants to Highway Authorities in England; special grants to Passenger Transport Authorities for the additional costs of supporting rail services resulting from the restructuring of the railways; and certain other grants and payments in support of roads and local transport expenditure; a grant to the Traffic Director for London and other expenditure on priority routes in London; highways expenditure; government office expenditure; vehicle and traffic enforcement; road safety, publicity, censuses, surveys and studies; licence refunds; maintenance of the Woolwich Ferry and grants to the Humber Bridge Board to cover the Board's liabilities.

### Summary of Outturn

Section	Estimated			Actual		
	Gross Expenditure	Appropriations in Aid	Net Expenditure	Gross Expenditure	Appropriations in Aid	Net Expenditure
	£000	£000	£000	£000	£000	£000
<b>Local Roads and Transport</b>						
A	23,450	15,440	8,010	20,989	14,864	6,125
<b>Priority Routes in London</b>						
B	10,503	—	10,503	10,676	—	10,676
<b>Highways Expenditure</b>						
C	2,235	50	2,185	2,981	216	2,765
<b>Vehicle and Traffic Enforcement</b>						
D	15,649	—	15,649	15,287	—	15,287
<b>Road Safety, Publicity, Censuses, Surveys and Studies</b>						
E	14,719	747	13,972	14,368	566	13,802
<b>Local Authority Capital and Current Expenditure</b>						
F	497,396	645	496,751	494,348	645	493,703
<b>Agency Payments on Behalf of the European Community</b>						
G	3	—	3	—	—	—
<b>Licence Refunds</b>						
H	2,000	—	2,000	1,434	—	1,434
<b>Grants to the Humber Bridge Board</b>						
I	41,750	—	41,750	38,612	—	38,612
<b>Government Office Programme</b>						
J	1,750	—	1,750	455	—	455
<b>Total</b>	<u>609,455</u>	<u>16,882</u>	<u>*592,573</u>	<u>599,150</u>	<u>16,291</u>	<u>582,859</u>

\*The cash limit on this Vote was subsequently reduced to £590,423,000.00

## Account

Service	Grant	Expenditure	Expenditure compared with Grant	
			Less than Granted	More than Granted
	£000	£000	£000	£000
Section A				
<b>Local Roads and Transport</b>				
A1 Grants to developers	904	251	653	—
A2 Rural transport grant in aid	750	743	7	—
A3 Consultants	2,760	1,410	1,350	—
A4 Traffic control systems	15,250	14,799	451	—
A5 Maintenance and operation of Woolwich Ferry	3,786	3,786	—	—
Section B				
<b>Priority Routes in London</b>				
B1 Priority routes in London	10,503	10,676	—	173
Section C				
<b>Highways Expenditure</b>				
C1 Payments to Transport Research Laboratory and other bodies for research services	—	—	—	—
C2 Consultancies and other services	2,235	2,981	—	746
Section D				
<b>Vehicle and Traffic Enforcement</b>				
D1 Vehicle and traffic enforcement	15,649	15,287	362	—
Section E				
<b>Road Safety, Publicity, Censuses, Surveys and Studies</b>				
E1 Road safety, publicity, traffic censuses, surveys and studies	14,423	14,308	115	—
E2 Traffic census: capital expenditure	296	60	236	—

**Explanation** of the causes of variation between expenditure and grant

A1 Schemes were not progressed as quickly as had been expected and claims for final payments were examined rigorously to remove ineligible items, resulting in savings.

A3 Estimated expenditure was lowered during the year by a virement of £1,250k to C2 Consultants. Fewer consultancy contracts were let than expected.

C2 Estimated expenditure was increased during the year by £1,250k from A3. Slow progress was made on the development of policy on motorway tolling and the work was delayed by technical issues and general policy uncertainty.

*Account continued*

Service	Grant	Expenditure	Expenditure compared with Grant	
			Less than Granted	More than Granted
	£000	£000	£000	£000
<b>Section F</b>				
<b>Local Authority Capital and Current Expenditure</b>				
F1 Transport supplementary grants (England)	329,433	329,433	—	—
F2 Public transport facilities grants	13,350	14,725	—	1,375
F3 Other grants to highway authorities	4,613	3,815	798	—
F4 Special grants to passenger transport authorities	150,000	146,375	3,625	—
<b>Other Expenditure Not Included in the Control Total:</b>				
<b>Section G</b>				
<b>Agency Payments on Behalf of the European Community</b>				
G1 Local road projects (net)	1	—	1	—
G2 Local public transport and airport projects (net)	1	—	1	—
G3 Transport infrastructure projects (net)	1	—	1	—
<b>Section H</b>				
<b>Licence refunds</b>				
H1 Refunds of licence fees to goods vehicle and public service vehicle operators and drivers	2,000	1,434	566	—
<b>Section I</b>				
<b>Grants to the Humber Bridge Board</b>				
I1 Grants to the Humber Bridge Board	41,750	38,612	3,138	—
<b>Section J</b>				
<b>Government Office Programme Expenditure</b>				
J1 Expenditure under the Town and Country Planning Act 1990	450	331	119	—
J2 Consultancies and studies	1,300	124	1,176	—

**Explanation** of the causes of variation between expenditure and grant

F2 Treasury approved virement to increase Section 56 grant as part of the Spring Supplementary Estimates 1994-95: Class VI, Vote 5. This was to cover an increase in costs on Stage two of the Robin Hood line project.

F3 Schemes were not progressed as quickly as had been expected and claims for final payments were examined rigorously to remove ineligible items, resulting in savings.

H1 Refunds of licence fees are subject to demand and precise forecasts of payments are therefore not possible.

J2 The allocation of this expenditure to Government Offices was not clarified until January 1995, and they were therefore unable to make full use of their allocations within the remaining time available.



*Account continued*

Service	Grant	Expenditure	Expenditure compared with Grant	
			Less than Granted	More than Granted
	£000	£000	£000	£000
<b>Gross Total</b>				
Original	546,283			
Supplementary	3,503			
Supplementary	<u>59,669</u>			
	609,455	599,150	12,599	2,294
			Surplus of Gross Estimate over Expenditure <u>10,305</u>	
<i>Deduct</i>	Estimated £000	Realised £000		
Z Appropriations in Aid				
Original	16,234			
Supplementary	<u>648</u>			
	16,882	16,291		
			Deficiency of Appropriations in Aid realised <u>591</u>	
<b>Net Total</b>				
Original	530,049			
Supplementary	2,855			
Supplementary	<u>59,669</u>			
	592,573	582,859		
			Net Surplus <u>9,714</u>	
			Actual surplus to be surrendered <u>£9,713,718.18</u>	

<b>Receipts</b>	Estimated £000	Realised £000
Receipts payable to Consolidated Fund		
Receipts of classes not authorised to be used as Appropriations in Aid	<u>69,125</u>	<u>76,687</u>
Actual sum payable separately to Consolidated Fund		<u>£76,686,858.74</u>
<b>Details of Receipts</b>	Estimated £000	Realised £000
(i) Receipts of classes authorised to be used as Appropriations in Aid		
<b>Subhead AZ</b>		
Receipts from local authorities in respect of traffic control systems (see subhead A4)	15,200	14,799
Recovery of VAT on contracted out services (see subhead A3)	187	64
Receipts from the lease of TCSU software	50	—
Recovery of costs in respect of tolled crossing inquiries	<u>3</u>	<u>1</u>
	<u>15,440</u>	<u>14,864</u>
<b>Subhead CZ</b>		
VAT refunds	50	216
<b>Subhead EZ</b>		
Receipts from sales of traffic data	254	84
Recoveries of VAT	<u>493</u>	<u>482</u>
	<u>747</u>	<u>566</u>
<b>Subhead FZ</b>		
Receipts from Greater Manchester PTE in respect of repayment of public transport facilities grant	<u>645</u>	<u>645</u>
	<u>16,882</u>	<u>16,291</u>
(ii) Receipts of other classes		
Interest and repayment of loan (Second Mersey Tunnel)	2,663	2,663
Interest and repayment of loan (Tyne Tunnel)	1,762	1,708
Interest and loan (Humber Bridge)	41,750	41,743
Severn Bridge: interest on subordinated debt	4,000	3,783
Licensing of public service vehicle operators etc	3,800	4,392 (a)
Licensing of goods vehicle operators and issuing permits for international haulage	14,900	22,338 (b)
Miscellaneous	<u>250</u>	<u>60</u>
Total	<u>69,125</u>	<u>76,687</u>

(a) Accurate estimates are difficult due to the five yearly fee payment system and an unforeseen rise in 1994-95 in the number of vehicles purchased by operators.

(b) Applications for operators licences were greater than anticipated.

**Details of Expenditure**

Subhead G1	Estimated	Actual	Saving	Excess
	£000	£000	£000	£000
<b>Agency payments on behalf of the European Community</b>				
Payments to local authorities for approved road projects	20,000	34,993	—	14,993
<b>Total Expenditure</b>	20,000	34,993	—	14,993
<i>Less</i>				
Receipts from the European Regional Development Fund	19,999	34,993	14,994	—
<b>Net Total</b>	1	—	14,994	14,993
			Net Saving	<u>1</u>

Subhead G2	Estimated	Actual	Saving	Excess
	£000	£000	£000	£000
<b>Agency payments on behalf of the European Community</b>				
Payments to local transport authorities for approved public transport projects and to local authorities and local authority airport companies in respect of approved airport projects	5,500	16,189	—	10,689
<b>Total Expenditure</b>	5,500	16,189	—	10,689
<i>Less</i>				
Receipts from the European Regional Development Fund	5,499	16,189	10,690	—
<b>Net Total</b>	1	—	10,690	10,689
			Net Saving	<u>1</u>

Subhead G3	Estimated	Actual	Saving	Excess
	£000	£000	£000	£000
<b>Agency payments on behalf of the European Community</b>				
Payments to local authorities in respect of Transport Infrastructure Grants	2,000	1,378	622	—
<b>Total Expenditure</b>	2,000	1,378	622	—
<i>Less</i>				
Receipts from the European Community	1,999	1,378	—	621
<b>Net Total</b>	1	—	622	621
			Net Saving	<u>1</u>

**Explanation** of the cause of variation between estimated and actual expenditure. Subheads G1, G2 and G3. Realistic forecasts are not possible for these services.

**Other Notes**

Subhead F1 consists of payments of £329,433k to local authorities which may be subject to adjustment when final, audited claims have been received.

Subhead G3 includes payment of £562k for Transport Infrastructure Grant (TIG) to British Airports Authority (BAA) for study work carried out on the Heathrow Express Rail Link. Disclosure of TIG payments to BAA was inadvertently omitted from the Supply Estimate details.

Subhead I1: The Humber Bridge was originally financed by loans from the Secretary of State and the Public Works Loans Board. In July 1991 the intention to legislate for writing off or suspending those parts of the debt that could not be met out of toll income from a reasonable level of tolls was announced. Pending such legislation, grant is being paid from this account under the authority of the Appropriation Act following Treasury's agreement in February 1992, to meet unpaid interest charges on the debt.

*Patrick Brown*  
Accounting Officer

9 November 1995

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## The Certificate of the Comptroller and Auditor General to the House of Commons

I have audited the financial statements on pages 64 to 70 which have been prepared in accordance with the requirements of Government Accounting and other Treasury directions.

### Respective responsibilities of the Accounting Officer and Auditors

As described on page 33 the Accounting Officer is responsible for the preparation of financial statements. It is my responsibility to form an independent opinion, based on my audit, on those statements and to report my opinion to you.

### Basis of opinion

I certify that I have examined the financial statements referred to above in accordance with the Exchequer and Audit Departments Acts 1866 and 1921 and the National Audit Office auditing standards, which include relevant Auditing Standards issued by the Auditing Practices Board. An audit includes examination, on a test basis, of evidence relevant to the amounts and disclosures in the financial statements. It also includes an assessment of the judgements made by the Accounting Officer in the preparation of the financial statements.

I planned and performed my audit so as to obtain all the information and explanations which I considered necessary in order to provide me with sufficient evidence to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or other irregularity or error. In forming my opinion I also evaluated the overall adequacy of the presentation of information in the financial statements.

### Opinion

In my opinion the sums expended have been applied for the purposes authorised by Parliament and the account properly presents the expenditure and receipts of Class VI, Vote 5 for the year ended 31 March 1995.

*John Bourn*  
Comptroller and Auditor General

13 November 1995

National Audit Office  
157-197 Buckingham Palace Road  
Victoria  
London SW1W 9SP

## Privatisation of British Rail

Account of the sum expended, in the year ended 31 March 1995, compared with the sum granted, for expenditure by the Department of Transport in connection with the privatisation of British Rail.

### Account

Service	Grant	Expenditure	Expenditure compared with Grant	
			Less than Granted	More than Granted
	£000	£000	£000	£000
Section A <b>Privatisation Programme</b>				
A1 Preliminary expenses	12,000	11,911	89	—
		Surplus	<u>89</u>	
		Actual surplus to be surrendered	<u>£89,100.90</u>	

A P Brown  
Accounting Officer

25 September 1995

## The Certificate of the Comptroller and Auditor General to the House of Commons

I have audited the financial statements on page 72 which have been prepared in accordance with the requirements of Government Accounting and other Treasury directions.

### Respective responsibilities of the Accounting Officer and Auditors

As described on page 33 the Accounting Officer is responsible for the preparation of financial statements. It is my responsibility to form an independent opinion, based on my audit, on those statements and to report my opinion to you.

### Basis of opinion

I certify that I have examined the financial statements referred to above in accordance with the Exchequer and Audit Departments Acts 1866 and 1921 and the National Audit Office auditing standards, which include relevant Auditing Standards issued by the Auditing Practices Board. An audit includes examination, on a test basis, of evidence relevant to the amounts and disclosures in the financial statements. It also includes an assessment of the judgements made by the Accounting Officer in the preparation of the financial statements.

I planned and performed my audit so as to obtain all the information and explanations which I considered necessary in order to provide me with sufficient evidence to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or other irregularity or error. In forming my opinion I also evaluated the overall adequacy of the presentation of information in the financial statements.

### Opinion

In my opinion the sums expended have been applied for the purposes authorised by Parliament and the account properly presents the expenditure and receipts of Class VI, Vote 6 for the year ended 31 March 1995.

*John Bourn*  
Comptroller and Auditor General

9 October 1995

National Audit Office  
157-197 Buckingham Palace Road  
Victoria  
London SW1W 9SP

## Passenger Rail Services

**Summary of Outturn** and the **Account** of the sum expended, in the year ended 31 March 1995, compared with the sum granted, for expenditure by the Office of Passenger Rail Franchising on the franchising of passenger rail services; the provision of, and support for, passenger rail services; the formation and financing of companies formed to facilitate the Franchising Director's functions; and administration and miscellaneous services.

### Summary of Outturn

Section	Estimated			Actual		
	Gross Expenditure	Appropriations in Aid	Net Expenditure	Gross Expenditure	Appropriations in Aid	Net Expenditure
	£000	£000	£000	£000	£000	£000
<b>Passenger Rail Services</b>						
A	1,783,003	3	1,783,000	1,783,000	—	1,783,000
<b>Administration and Miscellaneous Services</b>						
B	18,456	1,825	16,631	18,101	1,492	16,609
Total	<u>1,801,459</u>	<u>1,828</u>	<u>1,799,631</u>	<u>1,801,101</u>	<u>1,492</u>	<u>1,799,609</u>



<b>Account</b>				
Service	Grant	Expenditure	Expenditure compared with Grant	
			Less than Granted	More than Granted
	£000	£000	£000	£000
<b>Section A</b>				
<b>Passenger Rail Services</b>				
A1 Passenger rail services	1,783,001	1,783,000	1	—
A2 Payments under franchise agreements	1	—	1	—
A3 Payments in respect of companies formed by the Franchising Director	1	—	1	—
<b>Section B</b>				
<b>Administration and Miscellaneous Services</b>				
B1 Running costs	3,922	3,411	511	—
B2 Capital expenditure (administration)	132	296	—	164
B3 Miscellaneous services	14,402	14,394	8	—
<b>Gross Total</b>				
	£000			
Original	1,685,803			
Supplementary	63,525			
Supplementary	<u>52,131</u>			
	1,801,459	1,801,101	522	164
			Surplus of Gross Estimate over expenditure <u>358</u>	
<i>Deduct</i>				
AZ Appropriations in Aid Original	<u>3</u>			
	3			
BZ Appropriations in Aid Original	1,300			
Supplementary	<u>525</u>			
	1,825	1,492		<u>333</u>
<b>Net Total</b>				
Original	1,684,500			
Supplementary	63,000			
Supplementary	<u>52,131</u>			
	1,799,631	1,799,609		Net Surplus <u>22</u>
			Actual surplus to be surrendered <u>£21,799.99</u>	

**Explanation** of the causes of variation between expenditure and grant

B1 Recruitment was slower than planned because of evolving task requirements and the time required to attract suitably qualified candidates.

<b>Receipts</b>	Estimated £000	Realised £000
Receipts payable to Consolidated Fund		
Receipts of classes not authorised to be used as Appropriations in Aid	287	288
Actual sum payable separately to the Consolidated Fund		<u>£287,996.40</u>
<b>Details of Receipts</b>	Estimated £000	Realised £000
(i) Receipts of classes authorised to be used as Appropriations in Aid		
<b>Subhead AZ</b>		
Receipts from franchisees and franchise operators	1	—
Receipts from passenger transport executives	1	—
Receipts in connection with the acquisition or disposal of property, rights or liabilities	1	—
 <b>Subhead BZ</b>		
Recoveries of VAT on contracted out services—non running costs	1,530	1,253
Recoveries of VAT on contracted out services—running costs	294	239
Receipts from recovery of administration costs, repayment services and the sale of information	<u>1</u>	<u>0</u>
Total	<u>1,825</u>	<u>1,492</u>
(ii) Receipts of other classes		
Miscellaneous receipts	287	288

## Notes

### Section A1: Passenger Rail Services

1. This note provides further information to supplement and explain the figures contained in the above appropriation account. It refers to contents of Section A1 (Passenger Rail Services).

### Background

2. Prior to 1994–95 Public Service Obligation payments were paid by the Department of Transport to the British Railways Board to compensate them for obligations imposed by the Secretary of State for Transport under Council Regulation (EEC) No. 1191/69 on public service obligations in transport, as amended by Council Regulation (EEC) No. 1893/91. The Public Service Obligations in operation since 1988 specifically excluded InterCity services from eligibility for grant and they were operated in accordance with the Government objective to act commercially.

### Contractual basis of payments

3. The change in the structure of the railway industry on 1 April 1994 and the introduction of commercial charging for infrastructure and rolling stock meant that all services required public support. However EC regulations do not allow the imposition of obligations to run inter-regional services. As a result for 1994–95 the Franchising Director:

- (a) imposed a Public Service Obligation on the British Railways Board to run the services contained in the published timetables which were broadly comparable with those run the previous year in respect of the train operating units that were previously part of Regional Railways and Network SouthEast; and
- (b) entered into a Section 52 agreement with the British Railways Board in respect of ex-InterCity train operating units for the Board to run the services contained in the published timetables which were broadly comparable with those run the previous year.

Both (a) and (b) exempted services provided under an agreement between the Board and a third party such as Passenger Transport Executive services.

4. The quantum of support to be paid was to be based on the Board's budget for its passenger businesses subject to a satisfactory audit of this budget. The budget did not distinguish between payments under the Public Service Obligation and payments under the Section 52 agreement. For the purposes of making payments to the Board these were aggregated together and it is not possible accurately to split them between the two.

#### Level of support

5. The outturn of £1,783 million under A1 is the total paid to the Board. The outturn on this subhead is as follows:

	£'m
Outstanding Public Service Obligation for 1993-94 owed to the Board	35
Passenger Rail Services operated by the Board during 1994-95, consisting of:	
Direct payments in support of Passenger Rail Services	1,576.8
Group costs properly apportioned to the passenger business	171.2
	<u>1,783</u>
The total of payments includes:	
Administered profit	50.0
Privatisation costs	23.4
Redundancy costs	5.5

6. The allowance for an administered profit of £50 million was taken into account in the external financing limit set for the Board by the Government.

#### Retrospective adjustments

7. The 1994-95 support of £1,748 million included a provisional estimate of ROSCO charges of £804 million. The final level of charges was agreed only after the year end. The agreed total was £797.6 million. This level would have required total support payments of £1,741.7 million. OPRAF will therefore credit the over-payment of £6.3 million against its 1995-96 support payments.

#### InterCity services

8. Of the £1,741.7 million outturn on Support for Passenger Rail Services £364.7 million was the budgeted support requirement for the operating units that were formed out of the InterCity business, i.e. Great Western, East Coast Main Line, West Coast Main Line, Gatwick Express and Cross Country. This is a proxy for payments under A1(2), but it is not a precise measure of payments because the boundaries between InterCity, Network SouthEast and Regional Railways are not entirely commensurate with the boundaries of the 25 operating units post 1 April 1994; e.g. the Anglia TOU consists of both former InterCity and former Regional Railways services. However, the figure above gives an approximate order of magnitude of the payments for A1(2).

RB Salmon  
Accounting Officer

19 October 1995

## The Certificate of the Comptroller and Auditor General to the House of Commons

I have audited the financial statements on pages 74 to 77 which have been prepared in accordance with the requirements of Government Accounting and other Treasury directions.

### Respective responsibilities of the Accounting Officer and Auditors

As described on page 33 the Accounting Officer is responsible for the preparation of financial statements. It is my responsibility to form an independent opinion, based on my audit, on those statements and to report my opinion to you.

### Basis of opinion

I certify that I have examined the financial statements referred to above in accordance with the Exchequer and Audit Departments Acts 1866 and 1921 and the National Audit Office auditing standards, which include relevant Auditing Standards issued by the Auditing Practices Board. An audit includes examination, on a test basis, of evidence relevant to the amounts and disclosures in the financial statements. It also includes an assessment of the judgements made by the Accounting Officer in the preparation of the financial statements.

I planned and performed my audit so as to obtain all the information and explanations which I considered necessary in order to provide me with sufficient evidence to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or other irregularity or error. In forming my opinion I also evaluated the overall adequacy of the presentation of information in the financial statements.

### Opinion

In my opinion the sums expended have been applied for the purposes authorised by Parliament and the account properly presents the expenditure and receipts of Class VI, Vote 7 for the year ended 31 March 1995.

*John Bourn*  
Comptroller and Auditor General

2 November 1995

National Audit Office  
157-197 Buckingham Palace Road  
Victoria  
London SW1W 9SP

## Office of the Rail Regulator

**Summary of Outturn** and the **Account** of the sum expended, in the year ended 31 March 1995, compared with the sum granted, for expenditure by the Office of the Rail Regulator on administration and associated capital and other expenditure and on costs of the Rail Users' Consultative Committees.

### Summary of Outturn

Section	Estimated			Actual		
	Gross Expenditure	Appropriations in Aid	Net Expenditure	Gross Expenditure	Appropriations in Aid	Net Expenditure
	£000	£000	£000	£000	£000	£000
<b>Office of the Rail Regulator</b>						
A	<u>9,566</u>	<u>315</u>	<u>9,251</u>	<u>9,339</u>	<u>313</u>	<u>9,026</u>

## Account

Service	Grant	Expenditure	Expenditure compared with Grant	
			Less than Granted	More than Granted
	£000	£000	£000	£000
Section A				
<b>Office of the Rail Regulator</b>				
A1	6,879	6,781	98	—
A2	1,568	1,406	162	—
A3	1,119	1,152	—	33
<b>Gross Total</b>				
Original	6,702			
Supplementary	1,255			
Supplementary	<u>1,609</u>			
	9,566	9,339	260	33
			Surplus of Gross Estimate over Expenditure <u>227</u>	
<i>Deduct</i>	Estimated	Realised		
	£000	£000		
AZ Appropriations in Aid				Deficiency of Appropriations in Aid Realised
Original	245			
Supplementary	<u>70</u>			
	315	313		<u>2</u>
<b>Net Total</b>				
Original	6,457			
Supplementary	1,255			
Supplementary	<u>1,539</u>			
	9,251	9,026		Net Surplus <u>225</u>
			Actual surplus to be surrendered <u>£224,680.77</u>	

<b>Receipts</b>	Estimated £000	Realised £000
Receipts payable to the Consolidated Fund		
Receipts of classes not authorised to be used as Appropriations in Aid	65	<u>84</u>
Actual sum payable separately to the Consolidated Fund		<u>£84,077.88</u>

<b>Details of Receipts</b>	Estimated £000	Realised £000
(i) Receipts of classes authorised to be used as Appropriations in Aid		
<b>Subhead AZ</b>		
Recoveries of VAT on contracted out services	314	313
Receipts from other services provided by the office	<u>1</u>	<u>0</u>
Total	<u>315</u>	<u>313</u>
(ii) Receipts of other classes		
Licence fees and other receipts	65	84

*John Swift*  
Accounting Officer

6 September 1995

## The Certificate of the Comptroller and Auditor General to the House of Commons

I have audited the financial statements on pages 79 to 81 which have been prepared in accordance with the requirements of Government Accounting and other Treasury directions.

### Respective responsibilities of the Accounting Officer and Auditors

As described on page 33 the Accounting Officer is responsible for the preparation of financial statements. It is my responsibility to form an independent opinion, based on my audit, on those statements and to report my opinion to you.

### Basis of opinion

I certify that I have examined the financial statements referred to above in accordance with the Exchequer and Audit Departments Acts 1866 and 1921 and the National Audit Office auditing standards, which include relevant Auditing Standards issued by the Auditing Practices Board. An audit includes examination, on a test basis, of evidence relevant to the amounts and disclosures in the financial statements. It also includes an assessment of the judgements made by the Accounting Officer in the preparation of the financial statements.

I planned and performed my audit so as to obtain all the information and explanations which I considered necessary in order to provide me with sufficient evidence to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or other irregularity or error. In forming my opinion I also evaluated the overall adequacy of the presentation of information in the financial statements.

### Opinion

In my opinion the sums expended have been applied for the purposes authorised by Parliament and the account properly presents the expenditure and receipts of Class VI, Vote 8 for the year ended 31 March 1995.

*John Bourn*  
Comptroller and Auditor General

27 September 1995

National Audit Office  
157-197 Buckingham Palace Road  
Victoria  
London SW1W 9SP





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